

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 28 October 1992

The Council met at half-past Two o'clock

PRESENT

THE DEPUTY PRESIDENT

THE HONOURABLE JOHN JOSEPH SWAINE, C.B.E., Q.C., J.P.

THE CHIEF SECRETARY

THE HONOURABLE SIR DAVID ROBERT FORD, K.B.E., L.V.O., J.P.

THE FINANCIAL SECRETARY

THE HONOURABLE NATHANIEL WILLIAM HAMISH MACLEOD, C.B.E., J.P.

THE ATTORNEY GENERAL

THE HONOURABLE JEREMY FELL MATHEWS, C.M.G., J.P.

THE HONOURABLE ALLEN LEE PENG-FEI, C.B.E., J.P.

THE HONOURABLE STEPHEN CHEONG KAM-CHUEN, C.B.E., J.P.

THE HONOURABLE HUI YIN-FAT, O.B.E., J.P.

THE HONOURABLE MARTIN LEE CHU-MING, Q.C., J.P.

THE HONOURABLE DAVID LI KWOK-PO, O.B.E., J.P.

THE HONOURABLE PANG CHUN-HOI, M.B.E.

THE HONOURABLE SZETO WAH

THE HONOURABLE TAM YIU-CHUNG

THE HONOURABLE ANDREW WONG WANG-FAT, O.B.E., J.P.

THE HONOURABLE LAU WONG-FAT, O.B.E., J.P.

THE HONOURABLE EDWARD HO SING-TIN, O.B.E., J.P.

THE HONOURABLE RONALD JOSEPH ARCULLI, J.P.

THE HONOURABLE MARTIN GILBERT BARROW, O.B.E., J.P.

THE HONOURABLE MRS PEGGY LAM, M.B.E., J.P.

THE HONOURABLE MRS MIRIAM LAU KIN-YEE, O.B.E., J.P.

THE HONOURABLE LAU WAH-SUM, O.B.E., J.P.

DR THE HONOURABLE LEONG CHE-HUNG, O.B.E.

THE HONOURABLE JAMES DAVID McGREGOR, O.B.E., I.S.O., J.P.

THE HONOURABLE MRS ELSIE TU, C.B.E.

THE HONOURABLE PETER WONG HONG-YUEN, J.P.

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE VINCENT CHENG HOI-CHUEN

THE HONOURABLE MOSES CHENG MO-CHI

THE HONOURABLE MARVIN CHEUNG KIN-TUNG, J.P.

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHIM PUI-CHUNG

REV THE HONOURABLE FUNG CHI-WOOD

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE TIMOTHY HA WING-HO, M.B.E., J.P.

DR THE HONOURABLE HUANG CHEN-YA

THE HONOURABLE SIMON IP SIK-ON, J.P.

DR THE HONOURABLE LAM KUI-CHUN

DR THE HONOURABLE CONRAD LAM KUI-SHING

THE HONOURABLE LAU CHIN-SHEK

THE HONOURABLE LEE WING-TAT

THE HONOURABLE GILBERT LEUNG KAM-HO

THE HONOURABLE ERIC LI KA-CHEUNG, J.P.

THE HONOURABLE FRED LI WAH-MING

THE HONOURABLE MAN SAI-CHEONG

THE HONOURABLE STEVEN POON KWOK-LIM

THE HONOURABLE HENRY TANG YING-YEN, J.P.

THE HONOURABLE TIK CHI-YUEN

THE HONOURABLE JAMES TO KUN-SUN

DR THE HONOURABLE SAMUEL WONG PING-WAI, M.B.E., J.P.

DR THE HONOURABLE PHILIP WONG YU-HONG

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE ZACHARY WONG WAI-YIN

DR THE HONOURABLE TANG SIU-TONG, J.P.

THE HONOURABLE CHRISTINE LOH KUNG-WAI

THE HONOURABLE ROGER LUK KOON-HOO

ABSENT

THE HONOURABLE MRS SELINA CHOW LIANG SHUK-YEE, O.B.E., J.P.

THE HONOURABLE NGAI SHIU-KIT, O.B.E., J.P.

THE HONOURABLE MICHAEL HO MUN-KA

THE HONOURABLE EMILY LAU WAI-HING

THE HONOURABLE HOWARD YOUNG, J.P.

IN ATTENDANCE

MR DAVID ALAN CHALLONER NENDICK, C.B.E., J.P.
SECRETARY FOR MONETARY AFFAIRS

MR EDWARD BARRIE WIGGHAM, C.B.E., J.P.
SECRETARY FOR THE CIVIL SERVICE

THE HONOURABLE MRS ANSON CHAN, C.B.E., J.P.
SECRETARY FOR ECONOMIC SERVICES

MR MICHAEL LEUNG MAN-KIN, C.B.E., J.P.
SECRETARY FOR TRANSPORT

MR YEUNG KAI-YIN, J.P.
SECRETARY FOR THE TREASURY

THE HONOURABLE JOHN CHAN CHO-CHAK, L.V.O., O.B.E., J.P.
SECRETARY FOR EDUCATION AND MANPOWER

MR MICHAEL SUEN MING-YEUNG, J.P.
SECRETARY FOR HOME AFFAIRS

MR ALISTAIR PETER ASPREY, O.B.E., A.E., J.P.
SECRETARY FOR SECURITY

MRS ELIZABETH WONG CHIEN CHI-LIEN, I.S.O., J.P.
SECRETARY FOR HEALTH AND WELFARE

MR CHAU TAK-HAY, J.P.
SECRETARY FOR TRADE AND INDUSTRY

MR JAMES SO YIU-CHO, O.B.E., J.P.
SECRETARY FOR RECREATION AND CULTURE

MR RONALD JAMES BLAKE
SECRETARY FOR WORKS

THE HONOURABLE MICHAEL SZE CHO-CHEUNG, I.S.O., J.P.
SECRETARY FOR CONSTITUTIONAL AFFAIRS

MR ANTHONY GORDON EASON, J.P.
SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS

THE CLERK TO THE LEGISLATIVE COUNCIL
MR CLETUS LAU KWOK-HONG

Papers

The following papers were laid on the table pursuant to Standing Order 14(2):

Subject

Subsidiary Legislation	<i>L.N. No.</i>
Telecommunication (Possession and Export of Radiocommunication Apparatus by Visitors) (Exemption) Order	332/92
Port Control (Public Cargo Working Area) Order 1992	334/92
Port Control (Public Water-front) (No. 3) Order 1992	335/92
Public Health and Municipal Services (Public Pleasure Grounds) (Amendment of Fourth Schedule) (No. 8) Order 1992	336/92
Practising Certificate (Solicitors) (Amendment) Rule 1992.....	337/92
Practising Certificate (Solicitors) (Amendment) (No. 2) Rule 1992.....	338/92
Securities (Accounts and Audit) (Amendment) (No. 2) Rule 1992.....	339/92
Slaughterhouses (Urban Council) (Amendment) (No. 2) Bylaw 1992.....	340/92
Standing Orders of the Legislative Council of Hong Kong Specification Under Standing Order No. 3(5)	341/92

Sessional Papers 1992-93

- No. 13 — Protection of Wages on Insolvency Fund Board Annual Report for the year 1 April 1991 to 31 March 1992
- No. 14 — Report of Changes to the Approved Estimates of Expenditure approved during the first quarter of 1992-93 Public Finance Ordinance : Section 8

- No. 15 — Vegetable Marketing Organization — Statement of Accounts for the year ended 31 March 1992
- No. 16 — Fish Marketing Organization — Statement of Accounts for the year ended 31 March 1992
- No. 17 — Marine Fish Scholarship Fund Report for the period from 1 April 1991 to 31 March 1992
- No. 18 — Agricultural Products Scholarship Fund Report for the period from 1 April 1991 to 31 March 1992
- No. 19 — Urban Council Annual Report 1991-92
- No. 20 — Urban Council, Hong Kong Accounts for the year ended 31 March 1992 with Report and Certificate of the Director of Audit
- No. 21 — Revisions of the 1992-93 Estimates approved by the Urban Council during the Second Quarter of the 1992-93 Financial Year

Address

Report of Changes to the Approved Estimates of Expenditure approved during the first quarter of 1992-93 Public Finance Ordinance : Section 8

SECRETARY FOR THE TREASURY: Mr Deputy President, in accordance with subsection (8)(b) of section 8 of the Public Finance Ordinance, I now table for Members' information a summary of all changes made to the approved Estimates of Expenditure for the first quarter of the financial year 1992-93.

Supplementary provision of \$144.6 million was approved. It was fully offset, either by savings under the same or other Heads of Expenditure, or by the deletion of funds under the Additional Commitments subheads.

During the period, non-recurrent commitments were increased by \$7.5 million, new non-recurrent commitments of \$123.8 million were approved, and approved non-recurrent commitments of \$103.4 million were revoked.

In the same period, a net decrease of 658 posts was approved. This was mainly attributable to the deletion of posts as a result of civil servants having opted for service with the Hospital Authority.

Items in the summary have been approved either by Finance Committee or under delegated authority. The latter have been reported to the Finance Committee of this Council in accordance with sub-section (8)(a) of section 8 of the Public Finance Ordinance.

Written answers to questions

Transport needs of Mid-levels

1. DR YEUNG SUM asked (in Chinese): *With the growth in population at Mid-levels on Hong Kong Island, will the Government inform this Council what long-term and short-term strategies are in hand to meet the transport needs in the area?*

SECRETARY FOR TRANSPORT: Mr Deputy President, a transport study completed in 1989 recommended the introduction of 27 road improvement and traffic management schemes to cope with growth in traffic in the Mid-levels area. Four of these schemes have been completed, another 17 are at various stages of planning and implementation in the Public Works Programme, and six, mainly road widening schemes, will be undertaken in conjunction with the redevelopment of adjacent lots.

In addition, the completion of the Hillside Escalator project in mid-1993, connecting Mid-levels and the Central Business District, will help to relieve pressure on the road system. It is forecast that the escalator system will carry 26 000 persons each working day when it opens.

Notwithstanding these improvements, it remains clear that unrestricted redevelopment of the Mid-levels will overburden the local road network and cannot be tolerated. For this reason, a plot ratio restriction on Residential (Group B) areas was introduced in 1990 under the draft Mid-levels West Outline Zoning Plan. The effect would be to reduce the maximum level of redevelopment permitted in the area by about 15%.

Thus the longer-term strategy of imposing restraint on redevelopment combined with short and medium-term improvements to the road network should form an effective package to relieve traffic congestion in the area.

Science and technology database

2. DR HUANG CHEN-YA asked (in Chinese): *Will the Government inform this Council whether consideration would be given to the setting up in Hong Kong of a database system of science and technology to facilitate the interchange of information between the local industrial sector and the institutions or professionals engaged in scientific and technological research in China, Taiwan*

and other parts of the world, for the purpose of cooperating with them in industrial research and development projects so as to enhance the growth of our industries?

SECRETARY FOR TRADE AND INDUSTRY: The Government is conscious of the importance of technology information to industrial research and development. Since databases regarding overseas institutions and professionals in scientific and technological research already exist in electronic or printed forms which are easily accessible by local industrialists, it would not be cost-effective for the Government to duplicate such databases.

In order to assess whether Hong Kong need to develop an information database of its own technologies, and ad hoc committee on technology information databases has been established under the auspices of the Industry and Technology Development Council (ITDC). This ad hoc committee has been tasked to identify the types of technology information databases that would be useful to Hong Kong, and to advise on the means for promoting their development and use. It will complete its work shortly and will thereafter report its findings and recommendations to the ITDC.

Hand language interpreter

3. DR HUANG CHEN-YA asked (in Chinese): *In view of the complaints lodged by some deaf people that they have encountered difficulties in the course of criminal investigation and judicial proceedings due to inadequate provision of hand language interpretation service, will the Government inform this Council whether consideration would be given to creating Hand Language Interpreter posts in the Police Force and the Judiciary, and to recruiting and training such staff, so that the provision of convenient and prompt interpretation service to the deaf people to criminal investigation and judicial proceedings could be ensured?*

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President, hand language interpretation for deaf and dumb persons involved in criminal investigation and judicial proceedings is provided by competent free-lance interpreters. A register of these free-lance interpreters is kept by the police and the Judiciary. Of the five interpreters on the current register, two are specially assigned by the Hong Kong Society for the Deaf for court and police work.

In the past 12 months, hand language interpretation was required in court on 65 occasions. As for the police, no records of call out are maintained but consultation within the force confirms that the requirement for such services is rare. This is either because deaf and dumb persons who report incidents to the police are accompanied by friends or relatives who are able to assist, or the

parties communicate in writing. The two departments believe that overall, a prompt and adequate interpretation service is being provided.

In view of the present and estimated future workload, creation of permanent hand language interpreter posts in these departments is unjustified. However, if and when the need for such interpretation service increases significantly due to unforeseeable circumstances, the Hong Kong Society for the Deaf may be requested to provide more assistance.

Marine environment around Hoi Ha Wan

4. MR GILBERT LEUNG asked (in Chinese): *In view of the gradual damage to the marine environment around the area of Hoi Ha Wan in Sai Kung, will the Government inform this Council:*

- (a) *of the total number of prosecutions against illegal dumping activities around that area in the past three years; of the level of penalties imposed in the successful prosecutions; of the measures that have been taken by the Administration to prevent such illegal dumping activities; and*
- (b) *whether any plan has been drawn up to declare Hoi Ha Wan a marine conservation zone and introduce legislative measures to prohibit all activities, including trawling, which would endanger the marine ecosystem of the area; if so, in what manner these measures would be implemented; if not, what the justification for not doing so is?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President,

- (a) There is no record of illegal dumping at Hoi Ha Wan in the past three years. However, there was one such case near Lai Chi Chong in 1991. This involved a notorious offender and was brought to the District Court for trial. It resulted in a fine of \$50,000 plus a court charge.

The Environmental Protection Department (EPD) updates the Marine Dumping Action Plan regularly to ensure there is a concerted effort by all the enforcement departments against illegal dumping activities in Hong Kong waters. Under the Action Plan any party, whether it is a dumping licensee, a contractor, or a dumping contractor, found engaging in illegal marine dumping will be prosecuted. The heavy fines which the District Court can impose on repeated offenders, as compared with the maximum fine of \$5,000 that can be imposed by the Magistrates Court, is having a

greater deterrent effect on illegal dumping. EPD will continue to bring such cases to the District Court.

With effect from January 1993, all dumping barges must be equipped with automatic self-monitoring devices. These devices provide an accurate record of the positions of such barges, as well as any loading and dumping operation, using satellite signals 24 hours a day. This will enable EPD to keep a close surveillance on all marine dumping activities in a more cost effective and less labour intensive way.

- (b) Hoi Ha Wan has been designated as a Site of Special Scientific Interest since 1989. To further protect and preserve the area, the Country Parks Board has recommended it should be designated as a marine park. The statutory designation, management and development of marine parks and marine reserves, and the control of activities in these areas, will be provided for in new legislation which should be ready in about a year.

Sex discrimination under the New Territories small house policy

5. MR GILBERT LEUNG asked: *Will the Government inform this Council:*

- (a) *of the reasons for the different treatment for men and women in the New Territories small house policy; and*
- (b) *whether consideration will be given to removing such differential treatment by extending the rights to small houses to female villagers?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, under the traditional customs and practices of the New Territories indigenous community, property is inherited through the male line. The small house policy, which is an integral part of the Administration's overall policy of respecting these customs and practices, reflects this. Male indigenous villagers of recognized villages in the New Territories reaching the age of 18 are therefore eligible to apply for and, subject to the fulfilment of established criteria, are granted either a free building licence in respect of land owned by them or a suitable site on Government land at concessionary premium on which they can build a village house.

Any proposal to extend the eligibility for small houses to female villagers would need to be examined in the context of the New Territories customs and traditions. It would also have significant resource implications in terms of both land and government staff which would have to be carefully examined. Some

consideration has been given to these matters but firm conclusions have yet to be reached.

Referendum in Hong Kong

6. MR HENRY TANG asked: *Will the Government inform this Council:*

- (a) *whether any technical difficulties are envisaged in holding a referendum in Hong Kong, and if so, what these difficulties are;*
- (b) *of the time taken to go through the whole process of a referendum and the total expenditure involved; and*
- (c) *whether a registration exercise would be launched before a referendum to update the particulars of the voters?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS:

- (a) The technical difficulties involved in holding a referendum will very much depend on a number of considerations. These include whether a legislation will need to be enacted to provide for the referendum; what questions are to be asked in the referendum; whether the voting results are to be binding or advisory; the franchise; and the polling arrangement and so on.
- (b) It is difficult to give an estimate, in the abstract, of the time required to prepare for and conduct a referendum, and the likely expenditure. A meaningful estimate will be possible only when there are specific proposals on the various issues mentioned in (a) above.
- (c) The question of how voters are to be registered can be looked into only after a decision has been made on the franchise.

Cement plant in Kennedy Town

7. DR YEUNG SUM asked (in Chinese): *In view of the air pollution problem generated by the cement plant in Kennedy Town and the proximity of the plant to densely populated residential areas, will the Government inform this Council whether there is a target date for relocating the plant, and if not, what the reasons are?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, the Administration recognizes the incompatibility of the Kennedy

Town cement plant with its surrounding environment. Negotiations with the owners are being conducted with a view to relocating the plant and an alternative site is being sought. This process is expected to take another three months or so and thereafter it should be possible to determine when relocation can be completed.

Vice establishments

8. MR JAMES TO asked: *Regarding the operation of vice establishments under the guise of unlicensed massage establishments, will the Government inform this Council:*

- (a) of the seriousness of the problem;*
- (b) of the difficulties encountered in clamping down on these vice establishments; and*
- (c) what measures the Administration will take to tackle the problem, for example whether legislative proposals will be made to increase the penalties for operators of unlicensed massage establishments and to provide for the issuance of closure orders in respect of premises of these establishments?*

SECRETARY FOR SECURITY: Mr Deputy President, there are currently 175 licensed massage establishments operating in Hong Kong. In the past five years, 20 licences were revoked or not renewed because the premises were operating as vice establishments. We do not have an accurate record of the number of unlicensed massage establishments. However, the scale of the problem is indicated by police estimates that there are some 80 unlicensed massage establishments in Mong Kok, where most such premises are located. The majority of the unlicensed massage parlours are involved in vice activities.

The major difficulty encountered by the police in taking action against vice in massage establishments lies in proving that the operators are knowingly involved in such activities. When sexual services are provided in these establishments, the arrangement is invariably made directly between the customer and the masseuse, without any obvious involvement on the part of the operators or management. It is therefore not easy to prosecute successfully the operators of massage parlours for a breach of licensing conditions or for keeping a vice establishment.

There are no plans at present to increase the maximum penalty or to provide for Closure Orders. However, we will keep under review the need for changes to the law.

Nationalities of Legislative Councillors in SAR

9. MISS EMILY LAU asked (in Chinese): *In view of Article 67 of the Basic Law which states that "permanent residents of the Hong Kong Special Administrative Region who are not of Chinese nationality or who have the right of abode in foreign countries may also be elected members of the Legislative Council of the Region, provided that the proportion of such members does not exceed 20% of the total membership of the Council", will the Government inform this Council:*

- (a) *whether legislative proposals will be made to stipulate that the composition of the Legislative Council to be elected in 1995 should be in line with the above requirement of the Basic Law;*
- (b) *if so, how such legislation will be implemented and whether candidates or elected members of the Legislative Council will be required to declare their nationalities?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: The Government have not taken a view for the moment as regards the implementation of Article 67 of the Basic Law, which involves some complicated questions to which the answers are not yet available. For example, one such question relates to the definition of a Chinese national under the Chinese Nationality Law which, as Members are aware, is a matter being discussed between us and the Chinese side. Until we are clear on these important and complicated issues it would be premature for us to say any more about this particular provision of the Basic Law.

Subscription TV

10. MR LAU CHIN-SHEK asked (in Chinese): *According to the Guidance Note for Interested Parties Proposing to Establish a Subscription TV Service in Hong Kong, the future Subscription TV licensee will make available a prescribed number of channels not exceeding three for government use free of charge. Will the Government inform this Council whether there is any plan to utilize one of these channels to provide a "public access channel" for broadcasting free-of-charge programmes produced by the general public?*

SECRETARY FOR RECREATION AND CULTURE: Mr Deputy President, there is no plan to use any of the channels which the subscription television licensee may be required to make available to the Government for broadcasting free-of-charge programmes produced by the general public. In fact, the Government's making use of any dedicated channel does not at present figure in the Government's priorities for subscription television. While channel capacity is limited by microwave spectrum frequency scarcity, the Government is more concerned that the licensee should have the utmost freedom itself to establish its

subscriber revenue base. The Government, therefore, is unlikely to take up any channel for its own purposes in the early stages of subscription television in Hong Kong. The matter will be reviewed as and when the subscription TV licensee introduces a cable network thereby greatly increasing the channel capacity of the service.

Public Health (Animals and Birds) (Exhibitions) Regulations

11. MR JIMMY MCGREGOR asked: *At the Legislative Council sitting on 13 May 1992, the Secretary for Economic Services advised that the Government would carry out a review of the Public Health (Animals and Birds) (Exhibitions) Regulations in the light of information obtained from reputable exhibitors of wild animals and law enforcement bodies overseas, and that the feasibility of constructing and operating a zoological garden in one of the country parks would be considered in the context of the review. Will the Government inform this Council of:*

- (a) the present position regarding the review; and*
- (b) the steps taken by the Government in the meantime if any zoo or animal exhibition does not meet the international standards of care?*

SECRETARY FOR ECONOMIC SERVICES: The Director of Agriculture and Fisheries has completed a review of the Public Health (Animals and Birds) (Exhibitions) Regulations in the light of practice overseas. Consideration is now being given to drawing up amendments to the regulations that would improve standards of welfare for wild animals on permanent exhibition. In the meantime, the Agriculture and Fisheries Department has been liaising closely with visiting experts from overseas zoos and the Royal Society for the Prevention of Cruelty to Animals (Hong Kong) to identify measures to bring about more immediate improvements where necessary.

As regards the feasibility of constructing and operating a zoological garden, the Administration is given to understand that the Regional Council, having considered the proposal in some depth, has decided not to pursue it further for the time being in view of financial constraints.

Complaints against members of professions

12. MR LEE WING-TAT asked (in Chinese): *In the light of complaints lodged against professionals by members of the public, will the Government inform this Council:*

- (a) *of the existing policy regarding the monitoring of professional conduct of members of professions registered under respective Ordinances;*
- (b) *how it would ensure that the committees or panels of professional bodies which hear disciplinary matters and receive complaints against their members would fairly balance the interests of the respective profession and the public at large;*
- (c) *whether the appropriateness of the composition of these complaint committees is regularly reviewed; and*
- (d) *whether it will consider taking steps to enhance public confidence in these complaint mechanisms?*

CHIEF SECRETARY: The arrangements for handling complaints lodged by members of the public against members of professions vary from profession to profession and are largely a matter for the registration board or council of the relevant profession.

Generally speaking, the Government believe that it should be up to the professions to decide how complaints against their members by the public should be handled. The registration board or council of the various professions should be in the best position to monitor complaints about professional misconduct from the public, and judge what sort of arrangements would inspire the greatest confidence in the profession's ability to deal with such complaints. Some professions regularly review these arrangements. However, arising from a similar question from another Member of this Council as to whether or not an aggrieved citizen who wishes to complain against the misconduct of a professional person in Hong Kong should be given statutory avenue of appeal should the professional body refuse to investigate the complaint, we shall discuss with the various professional bodies whether there are any problems with their present system in dealing with complaints from members of the public and whether any improvements are necessary.

Future local telephone network

13. MR TIMOTHY HA asked (in Chinese): *In view of the Government's intention to open up the exclusive franchise of local public telephonic service, currently granted to the Hong Kong Telephone Company, after June 1995, will the Government inform this Council:*

- (a) *in what way the operation of the future local telephone network operators will be regulated so as to protect the consumers' interests; and*

- (b) *whether consideration would be given to introducing legislative controls over the co-ordination of the future local telephone network operators in various matters such as the allocation of telephone numbers; if so, what the proposals are?*

SECRETARY FOR ECONOMIC SERVICES: Mr Deputy President,

- (a) The Government is at present actively considering ways in which to strengthen both the statutory remit and resources of the Telecommunications Authority to ensure that consumer interests continue to be fully protected under the new competitive fixed network environment.

With regard to specific regulatory measures, we have already announced that the tariffs charged and services provided by the Hong Kong Telephone Company will be subject to continued government regulation and scrutiny after the introduction of fixed network competition. The company will retain a universal service obligation, that is it will be obliged to provide service on demand to subscribers in any part of the territory. At the same time tariff increases will be limited by means of a "price cap", set initially at four points below inflation and a further subcap will apply to socially sensitive tariffs, such as domestic line rental and connection fees.

We do not believe it to be necessary to control tariffs charged by other new network operators, nor to impose service requirements beyond the level necessary to safeguard the technical and operational integrity of the overall local telephone system.

- (b) We will shortly be bringing before this Council the legislative amendments necessary to implement the new policy proposals which I announced in my speech during the debate on telecommunications policy on 3 June this year. If enacted, these amendments will provide a sound regulatory basis for the introduction of competitive fixed networks. Amongst other things, they will give the Telecommunications Authority the power to determine the terms and conditions of network interconnection, in the event of disagreement between operators, and the power to administer Hong Kong's telephone numbering plan.

Tertiary education in comparison with other countries

14. MR JIMMY MCGREGOR asked: *Will the Government inform this Council how Hong Kong compares with developed countries and newly industrialized countries in respect of:*

- (a) *the number of tertiary education places per 100 000 of population;*
- (b) *the expenditure on tertiary education as a proportion to the total expenditure on education in percentage terms; and*
- (c) *any other relevant comparative information on tertiary education?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, the comparative statistics requested by Mr McGREGOR are provided at Annexes A, B and C.

Annex A

Enrolment⁽¹⁾ in Tertiary Education⁽²⁾
per 100 000 Population

<i>Country/ Territory</i>	<i>Reference Year</i>	<i>Enrolment in tertiary education per 100 000 population</i>
Hong Kong	1991	1 140
United Kingdom	1988	1 913
United States	1989	5 596
Japan	1989	2 184
Australia	1988	2 552
South Korea	1989	3 641
Singapore	1990	2 065

Sources: UNESCO Statistical Yearbook 1991, except for the figures for Hong Kong and Singapore which are based on statistics published by the respective governments.

Notes: (1) Comparative statistics are available only in respect of enrolment in tertiary education rather than number of tertiary education places available.

(2) Tertiary education refers to both degree and sub-degree education.

Annex B

Recurrent Expenditure⁽¹⁾ on
Tertiary Education as a percentage of total
Public Recurrent Expenditure on Education

<i>Country/ Territory</i>	<i>Reference Year</i>	<i>Recurrent expenditure on tertiary education as a percentage of total public recurrent expenditure on education</i>
Hong Kong	1991	30.1
United Kingdom	1988	18.9
United States	1989	40.2
Japan	1989	22.5
Australia	1988	30.7
South Korea	1989	8.0
Singapore	1990	28.5

Sources: UNESCO Statistical Yearbook 1991, except for the figures for Hong Kong and Singapore which are based on statistics published by the respective governments.

Note: (1) International comparisons are available only on recurrent expenditure. Statistics on capital expenditure for other countries are not available and in any case not very meaningful as capital expenditure by its very nature tends to vary from year to year.

Annex C

Tertiary Education New Entrant Rates⁽¹⁾

<i>City/Country</i>	<i>Reference Year</i>	<i>New entrant rate (%)</i>
Hong Kong	1991	18
Australia	1984	39
Japan	1986	36
United Kingdom	1987	34
United States	1986	61
Singapore	1990	21

Sources: Education Statistics for the United Kingdom 1990, except for the rates for Hong Kong and Singapore which are based on statistics published by the respective governments.

Note: (1) The rate is defined as the number of first year students in tertiary education programmes (first degree plus sub-degree) divided by the average population of the relevant age group.

First-year first-degree places in tertiary institutions

15. MR TIK CHI-YUEN asked (in Chinese): *Regarding the Government's intention to revise the planning target of first-year, first-degree places in tertiary education institutions, will the Government inform this Council of:*

- (a) *the enrolment target for first degree courses for the years 1993-95;*
- (b) *the academic courses that cannot be introduced for the 1992-95 triennium due to the revision of the planning target; and*
- (c) *the estimated savings achieved from the reduction of places; and how the achieved savings will be used?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, I informed this Council on 3 June 1992 that the University and Polytechnic Grants Committee (UPGC) and the tertiary institutions were working out the details of implementing the Government's decision to revise the planning target of first-year, first-degree places from 15 000 to 14 500 by 1994-95.

After discussion at its September meeting, the UPGC has recently submitted to the Government its recommendations on revised student numbers and adjustments to grants made to the institutions. Based on the UPGC's recommendations, the enrolment targets for first-degree courses will be as follows:

1992-93: 11 007
1993-94: 12 520
1994-95: 14 500

As the institutions have yet to be officially informed of the UPGC's decisions on their revised academic development plans, I am not in a position to say what courses would be affected by the revision in the planning targets. In general, the revised student number targets will be achieved by the institutions by spreading the reduction in their intake numbers over most or all academic departments. Alternatively they can defer the introduction of some new courses

until later in the current triennium or, in a few cases, beyond the end of the current triennium.

On the basis of the UPGC's recommended student numbers, it is estimated that a total of \$509 million will be returned to the Government from the \$18,200 million approved recurrent funding for the UPGC-funded sector for the 1992-95 triennium. These "savings" have already been taken into account in the resource allocation exercise this year. Members will have noted from the Governor's policy address that the school sector will be getting additional resources amounting to \$1.5 billion during the period 1993-94 to 1996-97.

Profit regulatory schemes for public utility companies

16. MR STEVEN POON asked: *With the advent of the price control mechanism recently concluded with Hong Kong Telecommunications Limited, Hong Kong has experience of three types of profit regulatory schemes for public utility companies, namely, price control regulation scheme, shareholders fund scheme and net fixed assets scheme. Will the Administration inform this Council of the principles adopted by the Government when deciding on applying a particular scheme to a particular utility company?*

SECRETARY FOR ECONOMIC SERVICES: Mr Deputy President, government policy has long been that where the private sector can provide an essential utility service it should do so and with the minimum of government interference. Wherever possible we leave it to market forces to ensure that consumers receive an efficient and reliable service at reasonable price. However, where effective competition is not feasible, either because of a lack of potential competitors or other practical constraints, the Government has implemented monitoring and control systems which ensure that the companies do not abuse their monopoly position.

Further, whenever a franchise and/or SCA comes up for renewal it is reviewed critically to see whether or not there is scope for introducing more competition and whether the regulatory controls are still appropriate having regard to changing circumstances, operating experience and international trends. As a result of such reviews the Government has recently decided to open up the local telephone network to competition in 1995 and to award non-exclusive franchises from 1993 to CMB and Citybus for the operation of bus services on Hong Kong Island.

Where monitoring and control arrangements are necessary they are tailored to the particular circumstances of each company. For example, both power companies and the major bus companies (although that applicable to CMB will lapse in 1993) are subject to SCAs which are based on net (i.e. depreciated) fixed asset values. In this way the companies are encouraged to make the investments necessary to maintain adequate levels of services.

On the other hand, Hong Kong Air Cargo Terminals Limited (HACTL) has an SCA based on gross, rather than net, asset value. This reflects the fact that its main assets are the cargo terminal buildings and there is no need for frequent substantial investment.

The only SCA which has been based on shareholders' funds was that of the Hong Kong Telephone Co. Ltd. This was introduced following the 1975 Commission of Inquiry into the Company's affairs in order to help strengthen the Company's financial structure. It was allowed to lapse in 1991.

Following the Government's policy decision to open up the local telephone service to competition from 1995, we have concluded that, in common with overseas trends, it would be preferable to replace the Hong Kong Telephone Company's former profit control scheme by a scheme of incentive price regulation. "Price capping" is a regulatory device which rewards efficiency and, through periodic review of the levels set for the cap, can be used to keep the profitability of dominant operators within reasonable limits. Once the new price-capping system becomes operational, hopefully in early 1993, its effectiveness will be kept under review.

Juvenile delinquency

17. MR WONG WAI-YIN asked (in Chinese): *Will the Government inform this Council:*

- (a) *of a statistical breakdown on the types of crime committed by juvenile offenders in Tuen Mun and Yuen Long in the past five years and their distribution by age;*
- (b) *how the Government assesses the situation of young people being recruited by triad societies and the problem of "child gangs" in Tuen Mun and Yuen Long;*
- (c) *what measures the Government will take to curb the influence of triads on youngsters both within and outside schools; and*
- (d) *whether there is any plan to improve the services for young people, including the number of school social workers and outreach social work teams, so as to tackle the problems involving juveniles?*

SECRETARY FOR SECURITY: Mr Deputy President, a statistical breakdown showing the types of crime committed by juvenile offenders in Tuen Mun and Yuen Long in the past five years and their distribution by age is attached.

The police assessment of the problems of recruitment of young people into triad societies and of "child gangs" in Tuen Mun and Yuen Long is that

there is no evidence of the organized recruitment of school children into triad societies in either district. However, juveniles are involved in such crimes as shopthefts and bullying or intimidation and that a number of young people form themselves into gangs to commit such crimes.

To curb the influence of triads on youngsters, the Government will continue to undertake the following measures inside schools:

- (a) visits to schools by Police Liaison Officers, to explain to students the dangers of getting involved with triads and the proper action to take if approached by triad members;
- (b) stepped-up police presence at places near schools both before and after school hours to reduce opportunities for triad recruitment; and
- (c) strengthened support for schools with triad problems.

The fight against triads outside schools takes the form of educational films, pamphlets and announcements of public interest, directed at both juveniles and their parents.

Plans are now in hand to improve social welfare services for young people throughout the territory. In 1993-94, there will be 18 additional school social workers, four additional outreach social work teams and eight additional family life education workers.

No. of juveniles arrested in Yuen Long and Tuen Mun
by type of crime by age group, 1988

TYPE OF CRIME:	<i>DISTRICT</i>							
	<i>Yuen Long</i>				<i>Tuen Mun</i>			
	<i>Age group</i>	<i>Age group</i>	<i>Age group</i>	<i>Total</i>	<i>Age group</i>	<i>Age group</i>	<i>Age group</i>	<i>Total</i>
	<i>7-11</i>	<i>12-13</i>	<i>14-15</i>		<i>7-12</i>	<i>12-13</i>	<i>14-15</i>	
Rape & Indecent Assault	0	2	3	5	0	2	2	4
Wounding & Serious Assault	0	5	32	37	5	5	30	40
Robbery	4	12	26	42	8	21	42	71
Blackmail	0	1	10	11	0	0	7	7
Burglary	1	6	9	16	4	12	17	33
Shop Theft	44	46	35	125	114	74	57	245
Theft from Vehicle	0	9	22	31	0	0	5	5
Taking Conveyance w/o Authority	0	0	4	4	1	2	5	8
Other Thefts	9	29	33	71	16	27	42	85
Criminal Damage	1	5	10	16	1	1	3	5
Unlawful Society Offences	0	1	9	10	0	3	5	8
Possession of Offensive Weapon	2	2	7	11	0	5	12	17
Others	3	13	38	54	4	12	46	62
TOTAL	64	131	238	433	153	164	273	590

No. of juveniles arrested in Yuen Long and Tuen Mun
by type of crime by age group, 1989

TYPE OF CRIME:	<i>DISTRICT</i>							
	<i>Yuen Long</i>			<i>Total</i>	<i>Tuen Mun</i>			<i>Total</i>
	<i>Age group</i>	<i>Age group</i>			<i>Age group</i>	<i>Age group</i>		
<i>7-11</i>	<i>12-13</i>	<i>14-15</i>	<i>7-12</i>	<i>12-13</i>	<i>14-15</i>	<i>7-12</i>	<i>12-13</i>	<i>14-15</i>
Rape & Indecent Assault	1	1	6	8	0	0	7	7
Wounding & Serious Assault	2	7	18	27	0	8	42	50
Robbery	0	13	39	52	10	28	70	108
Blackmail	0	1	4	5	0	6	14	20
Burglary	3	9	17	29	6	12	31	49
Shop Theft	34	27	21	82	68	78	54	200
Theft from Vehicle	4	8	10	22	3	15	21	39
Taking Conveyance w/o Authority	0	1	9	10	0	2	3	5
Other Thefts	12	35	49	96	29	42	49	120
Criminal Damage	1	5	9	15	3	3	7	13
Unlawful Society Offences	0	18	21	39	0	3	1	4
Possession of Offensive Weapon	1	3	8	12	0	4	22	26
Others	2	23	67	92	11	27	47	85
TOTAL	60	151	278	489	130	228	368	726

No. of juveniles arrested in Yuen Long and Tuen Mun
by type of crime by age group, 1990

TYPE OF CRIME:	<i>DISTRICT</i>							
	<i>Yuen Long</i>			<i>Total</i>	<i>Tuen Mun</i>			<i>Total</i>
	<i>Age group</i>	<i>Age group</i>			<i>Age group</i>	<i>Age group</i>		
<i>7-11</i>	<i>12-13</i>	<i>14-15</i>	<i>7-12</i>	<i>12-13</i>	<i>14-15</i>	<i>7-12</i>	<i>12-13</i>	<i>14-15</i>
Rape & Indecent Assault	0	4	6	10	0	3	6	9
Wounding & Serious Assault	1	13	7	21	2	18	46	66
Robbery	0	4	13	17	6	26	73	105
Blackmail	0	0	15	15	0	3	19	22
Burglary	3	9	14	26	5	16	28	49
Shop Theft	30	25	22	77	87	104	75	266
Theft from Vehicle	1	8	21	30	5	16	24	45
Taking Conveyance w/o Authority	0	0	3	3	0	1	4	5
Other Thefts	8	25	39	72	15	22	53	90
Criminal Damage	2	2	7	11	7	8	11	26
Unlawful Society Offences	0	3	20	23	0	6	23	29
Possession of Offensive Weapon	0	0	6	6	1	4	30	35
Others	2	14	41	57	16	37	63	116
TOTAL	47	107	214	368	144	264	455	863

No. of juveniles arrested in Yuen Long and Tuen Mun
by type of crime by age group, 1991

TYPE OF CRIME:	<i>DISTRICT</i>							
	<i>Yuen Long</i>				<i>Tuen Mun</i>			
	<i>7-11</i>	<i>12-13</i>	<i>14-15</i>	<i>Total</i>	<i>7-12</i>	<i>12-13</i>	<i>14-15</i>	<i>Total</i>
Rape & Indecent Assault	0	0	4	4	2	5	13	20
Wounding & Serious Assault	1	5	12	18	1	13	59	73
Robbery	2	17	33	52	6	47	59	112
Blackmail	0	1	8	9	0	7	18	25
Burglary	9	9	17	35	1	2	25	28
Shop Theft	44	12	10	66	111	106	81	198
Theft from Vehicle	1	4	13	18	0	5	17	22
Taking Conveyance w/o Authority	0	1	6	7	0	0	6	6
Other Thefts	18	31	28	77	23	52	80	155
Criminal Damage	1	0	2	3	2	1	8	11
Unlawful Society Offences	0	0	11	11	0	2	8	10
Possession of Offensive Weapon	0	1	6	7	1	4	21	26
Others	2	11	40	53	8	29	91	128
TOTAL	78	92	190	360	155	273	486	914

No. of juveniles arrested in Yuen Long and Tuen Mun
by type of crime by age group, 1992 (Jan-Sep)

TYPE OF CRIME:	<i>DISTRICT</i>							
	<i>Yuen Long</i>				<i>Tuen Mun</i>			
	<i>7-11</i>	<i>12-13</i>	<i>14-15</i>	<i>Total</i>	<i>7-12</i>	<i>12-13</i>	<i>14-15</i>	<i>Total</i>
Rape & Indecent Assault	0	0	1	1	0	2	5	7
Wounding & Serious Assault	3	5	15	23	1	11	31	43
Robbery	3	7	7	17	8	24	50	82
Blackmail	0	2	4	6	0	1	18	19
Burglary	0	8	8	16	8	15	17	40
Shop Theft	24	11	6	41	51	56	72	179
Theft from Vehicle	1	1	4	6	2	4	14	20
Taking Conveyance w/o Authority	0	0	0	0	0	0	3	3
Other Thefts	12	19	31	62	8	43	41	92
Criminal Damage	0	0	0	0	3	10	15	28
Unlawful Society Offences	1	1	14	16	0	1	17	18
Possession of Offensive Weapon	0	1	9	10	1	2	4	7
Others	1	8	25	34	4	18	42	64
TOTAL	45	63	124	232	86	187	329	602

Motion**CRIMINAL PROCEDURE ORDINANCE**

THE CHIEF SECRETARY moved the following motion:

"That the Legal Aid in Criminal Cases (Amendment) (No. 2) Rules 1992, made by the Chief Justice on 17 October 1992, be approved."

He said: Mr Deputy President, I move the resolution standing in my name on the Order Paper concerning the Legal Aid in Criminal Cases (Amendment) (No. 2) Rule 1992.

Under section 9A of the Criminal Procedure Ordinance, the Chief Justice may, with the approval of the Legislative Council, make rules prescribing the scale of fees and costs which shall be paid to solicitors or counsel acting for a legally aided person. The purpose of the (Amendment) Rules submitted to Members for approval is to increase the maximum fees payable to counsel and solicitors engaged by the Director of Legal Aid to act for legally aided persons in criminal cases. These fees were last revised in April 1991 and increases are considered necessary because of inflation and the difficulty the Government has experienced in engaging the services of private practitioners in legally aided cases, particularly in the Magistracies and the District Courts. On 16 October the Finance Committee gave approval for the fee increases to be implemented in two stages: with effect from 1 November 1992 and 1 April 1994. The first stage of the increases, as provided for under the (Amendment) Rules, will have the effect of increasing present fee levels by a range of between 12.5% and 50%.

The proposed fee increases have the support of the legal profession which has been consulted on the proposals. The revised fees would enable the Director of Legal Aid to engage counsel of appropriate experience in criminal cases. The Attorney General also uses the same fees to engage counsel to appear in court for the Crown.

Mr Deputy President, I beg to move.

Question on the motion proposed, put and agreed to.

First Reading of Bills**GAMBLING (AMENDMENT) BILL 1992****MERCHANT SHIPPING (SAFETY) (AMENDMENT) BILL 1992**

Bills read the First time and ordered to be set down for Second Reading pursuant to Standing Order 41(3).

Second Reading of Bills

GAMBLING (AMENDMENT) BILL 1992

THE SECRETARY FOR MONETARY AFFAIRS moved the Second Reading of: "A Bill to amend the Gambling Ordinance."

He said: Mr Deputy President, I move that the Gambling (Amendment) Bill 1992 be read a Second time.

The Gambling (Amendment) Bill seeks to exempt certain contracts for differences such as currency warrants, commodity warrants and index warrants from the application of the Gambling Ordinance. It also aims to clarify certain existing legal ambiguities relating to those other contracts for differences which are, essentially, products settled by payment of cash differences, such as cash settled options on shares or other securities.

The Bill proposes to disapply the Gambling Ordinance to any contracts for differences which are:

- (a) listed on the Stock Exchange of Hong Kong;
- (b) entered into as the result of an advertisement, invitation or document which is excluded from the application of section 4(1) of the Protection of Investors Ordinance;
- (c) entered into by an exempt dealer or a dealer registered under the Securities Ordinance; or
- (d) entered into by a dealer registered under the Commodities Trading Ordinance.

The proposed move is a positive step towards developing Hong Kong as an attractive market for warrants and other contracts for differences.

Bill referred to the House Committee pursuant to Standing Order 42(3A).

MERCHANT SHIPPING (SAFETY) (AMENDMENT) BILL 1992

THE SECRETARY FOR ECONOMIC SERVICES moved the Second Reading of: "A Bill to amend the Merchant Shipping (Safety) Ordinance."

She said: Mr Deputy President, I move that the Merchant Shipping (Safety) (Amendment) Bill 1992 be read a Second time.

The purpose of the Bill is to provide the Director of Marine with necessary additional powers to ensure safety of life at sea.

The first power relates to the survey of foreign registered passenger ships, operating from Hong Kong, which do not call at any other port.

The safety of a passenger ship depends on a number of factors, including its structural condition, arrangements to restrict the spread of fire, life-saving and fire-fighting appliances, navigation and communications equipment, crew adequacy and competency, and the regular conduct of emergency drills.

Foreign registered passenger ships based in Hong Kong which proceed on short voyages without calling at another port possess valid safety certificates issued under the International Convention for the Safety of Life at Sea (SOLAS). However, we consider that the safety of these ships need to be further guaranteed for a number of reasons.

First, these ships are remote from the control of their flag state administrations, who may not be well placed to ensure that safety standards are maintained in accordance with the Convention.

Secondly, such ships in effect operate on a local basis and carry large numbers of Hong Kong passengers. These passengers naturally look to the Government to take a positive role in ensuring their safety.

One further complication is that certificates issued under SOLAS are only valid for international voyages, that is, voyages from one port to another. It is doubtful whether such certificates when used in respect of non-international voyages are valid.

This uncertainty is not helped by our existing legislation, which does not distinguish between ships engaged on international and non-international voyages.

The first aim of the Bill is to remove these legal uncertainties by clearly providing the Director of Marine with specific powers to conduct safety surveys on foreign registered vessels engaged in non-international voyages from Hong Kong.

The second aim of the Bill is to empower the Director of Marine to require the production of certificates or documentary evidence:

- (a) in the case of cargo ships under 500 tons, to ensure that they comply with Hong Kong safety standards applicable to ships of such tonnage; and
- (b) in the case of cargo ships of 500 tons or over registered in a place which is not a party to SOLAS, that they comply with equivalent safety standards,

before the ships proceed to sea.

Under existing legislation such vessels are not required to provide any evidence of safety before clearing Hong Kong. As a responsible maritime administration, we believe we have an obligation to ensure the safety of such ships in the same way as those to which SOLAS applies. In practice, for some years we have been inspecting administratively certificates from such ships with the co-operation of their masters. The Bill seeks to formalize current practice.

Bill referred to the House Committee pursuant to Standing Order 42(3A).

Member's motion

MOTION OF THANKS

Resumption of debate on motion which was moved on 21 October 1992

FINANCIAL SECRETARY: Mr Deputy President, since this is my first speech to this Council since the Governor set out our priorities for the next five years, I want to start by underlining the impressive strength of our economy. It is this strength which has made it possible for the policy address to contain an ambitious long-term strategy in such confident and definitive terms.

While much of the rest of the world suffers the hardships of recession and unemployment, we in Hong Kong are fortunate enough to be thriving. The latest trade figures indeed show an increase of 21% in our total exports. Our economic fundamentals are strong; our continuing growth is firmly based, bringing increasing prosperity to our community.

The September inflation figures announced yesterday have to be seen in this context. Rising prices do of course hurt. Members' concern is understandable — and I shall deal with that in more detail later in my remarks. But we must still see the CPI(A) figures as they unfold as part of our overall economic situation along with sound growth and full employment, and a stronger safety net for the less fortunate.

It is this strong economic growth in particular which has enabled us to plan with confidence for public sector spending to increase in real terms by 5% each year. In addition, of course, we have seized the opportunity posed by the "windfall" surplus of at least \$6 billion to advance funding in some key areas — notably social welfare and the environment.

The various proposals to increase services to the community are therefore affordable. Our Medium Range Forecast is based on an increase of 5% in expenditure and shows that in cash flow terms these proposals are clearly affordable without any major changes in tax or other revenue, and will still leave an adequate cushion in the form of our reserves.

Many speakers in this debate urged prudence in controlling expenditure, and strict observance of our prime budget guideline that we should keep the increase in expenditure in line with the growth of the economy. Unfortunately, many of the same speakers, almost in the next breath, listed numerous other items on which they would like the taxpayers' money to be spent. Indeed, some seemed to believe if any particular issue was not mentioned in the policy address, it followed that it would receive no attention and no funds. The fact is, of course, that if any such attempt had been made to make the address comprehensive, the speech would, I guess, have been at least two or three times as long. Anyway, this sort of comment rather misses the point. Government is about choice, about priorities, and about deciding which areas deserve a increasing slice of the cake than others. It is this judgment which is reflected in the address.

Moreover, the priorities reflected in the speech were not drawn up in a vacuum. They are themselves based on those priorities which emerged from the consultation exercise which I carried out in July this year with Legislative Council Members on expenditure proposals for the next Budget.

Nevertheless, I appreciate the motive behind the appeal for continued control of expenditure, a call which, needless to say, is close to my own heart. I am happy to reaffirm for the avoidance of all doubt that we are as committed as ever to keeping public expenditure growth in line with growth of the economy.

Some Members commented that the speech was nothing but a shopping list of items on which to spend money, and lacking in strategy. It is, of course, the opposite. What distinguishes the speech, so far as spending proposals are concerned, is precisely that it takes a long view on major policies, that it looks beyond merely the next financial year and right up to the financial year 1996-97. And even more importantly, that it is precisely the opposite of a shopping list of proposals simply gathered together by a small group of officials. As most of you know, and as most of those who have been involved in the major advisory committees know, the fact is that the major proposals stem from detailed consideration and advice and discussion carried out in advisory bodies and the like, and contained after that process in Green Papers and White Papers. I would mention in particular the Green Paper on Rehabilitation, the White Paper on Social Welfare, and the series of reports which emanated from the Education Commission. And, as I commented earlier, the proposals reflect Members' own views as expressed to me on expenditure priorities. So let us be clear: these are well thought through strategic plans based firmly on the views of the community and of Council Members themselves.

I would like also to deal with the concern expressed by a few Members, rather the opposite concern, that our planning does not seem to go beyond 1997. It so happens that our normal financial planning period currently goes to financial year 1996-97. But of course much of our planning goes well beyond 1997. So there should certainly not be any impression that planning stops

suddenly at that date — it does not. Our vision extends well into the next century.

Two other significant points need clarifying. The first misunderstanding is the claim that there is really nothing new in these proposals. This is extremely misleading. The fact is that in the past we adopted a practice which personally I found undesirable, and which hopefully is now at an end — I refer to the practice of publishing policy proposals before funding has been agreed, accompanied by a widely disregarded warning that the proposals are subject to the provision of funds. I can assure you that a commitment to fund a proposal which has been publicized in this qualified way is indeed something new. What we have now done — which is new — is to unambiguously commit funds for the key policy areas named in the policy address. But we have also gone further than this, most notably in the area of rehabilitation, where we have substantially advanced the timing for achieving key targets.

Secondly, and happily to a much lesser extent than in the last Budget debate, there are still a few who are unfortunately apparently confused as to the meaning of the figures in the address concerning the increase in spending over the period on social services. Take for example the statement that spending on social welfare will increase by 26%. This, as the address said, is an increase in real terms. It is absolutely clearly not the case that, as one Member claimed, inflation would use up much of the 26%. I repeat this is a complete misunderstanding of what is meant by an increase in real terms. Even more puzzling, one Member commented that the increase in public assistance was not enough to catch up with inflation. I would urge careful reading of the address, which made it utterly plain that the increase in public assistance was a real increase, and that there would in addition be the normal annual inflation increase.

I turn now to the problem of inflation. Members' concern over inflation is understandable, and I share it. But we must be realistic. As I have said repeatedly in the past and as one Member in a thorough economic analysis recognized clearly, there are no quick and easy solutions in this area. I wish there were. Although a number of Members called for action to deal with this problem, specific solutions were lacking. I leave aside the question of the dollar link, to which I will return later.

It is true, and I now believe it is now generally recognized, that the main underlying cause of our inflation is the strong demand stemming from economic growth both here and in Southern China, against a limited supply of resources. We will continue to take steps to contain as far as possible these inflationary pressures.

We are tackling at the moment inflation on a number of fronts:

We are keeping a tight rein on public expenditure.

- We are seeking to improve efficiency and enhance productivity in the public sector.
- We are increasing the supply of labour through an expanded retraining programme and by importing foreign workers on a selective basis.
- We are investing substantially in education which again will raise the productivity of our work force in the longer term.
- We have taken a series of measures to discourage speculation in residential property, and these have had a noticeable calming effect on the market.
- We have decided to launch a new middle-income housing scheme for the sandwich class.
- We have announced a real increase in our social security payments.

But I will not claim that such measures will produce a dramatic reduction in inflation. I believe our forecast of 9.5% for the year to be realistic.

Whilst there is widespread support in this Council and in the community for the linked exchange rate, one or two Members once again mentioned it in relation to inflation. We must face up to the fact that the linked rate is not, I repeat not, the cause of inflation. The level of the dollar, and hence indirectly the price of imports, is not a significant contributor to the level of inflation. Moreover, those who criticize the link do not always make clear what they would wish to put in its place. A link to some other currency, or basket of currencies, would still restrict our freedom to use the interest rate weapon. And the notion of floating is not, I believe, taken as a serious option. I will anyway repeat here for the avoidance of doubt that we are firmly committed to the existing linked rate.

I am encouraged by the generally positive remarks about the new Hong Kong Monetary Authority. But I must disappoint those few Members who want us to go further and make it more akin to an independent central bank. That is not our intention. The Authority will remain firmly under my control. Members will have a chance to look in more detail into this proposal next month, when the necessary Bill will be introduced into this Council.

One Member expressed concern over the fast growing property market in China, and specifically over the protection of the interests of prospective buyers from Hong Kong. I share that concern. The Consumer Council has just issued very useful guidelines which should help those interested in buying such property. I welcome this initiative and recommend prospective buyers to read those guidelines carefully before acting.

Some Members commented on the Airport Core Programme. I do not intend to dwell on the talks with China although I would stress that a sensible and viable agreement with China is still our first priority.

The Secretary for Works will be elaborating on how well we are doing on the government projects. I will just note here that we have about \$19 billion worth of contracts on time and below budget — a remarkable achievement by any standards anywhere. Those who urge us to be more cost conscious or cost effective on the airport and airport railway should, I believe, take heart from these achievements.

We must also remember how this series of related projects fits into the future development of Hong Kong. The airport core projects are not isolated from the rest of the economy. On the contrary they are central to the future of our strong and buoyant economy because that economy in particular is unusually externally oriented.

Without efficient air, sea and other communication and transport facilities, Hong Kong would not remain at the forefront of world trading economies. We must keep this in mind as we chart our way forward on the airport and other projects. There is a vision of the future here and we must not lose sight of it.

Finally, some Members kindly reminded me of the pledge I made in this Council when I would up the last Budget debate. My pledge was to increase salaries tax allowances and to improve tax bands in the next Budget, provided our financial position remained healthy which indeed as at today it is. Let me assure you that I have not forgotten that pledge. Details will, of course, have to wait until the Budget itself. But I will be seeing all Members in, I think, eight groups over the next fortnight to hear their views on both revenue proposals and public works spending. I am sure this continued dialogue will help me in formulating proposals for the next Budget, just as my earlier dialogue with Members on spending priorities, that is to say recurrent spending in particular, helped shape the proposals in the Governor's address.

In sum, I commend the Governor's address in its entirety to this Council.

Mr Deputy President, with these remarks, I support the motion.

SECRETARY FOR TRADE AND INDUSTRY: Mr Deputy President, some diametrically opposite views have been expressed on how the Government should approach the development of a comprehensive competition policy. At one end of the spectrum, we heard that governmental or legislative intervention which distort markets and resources allocation should not be pursued since it would stifle enterprise and retard economic growth. At the other end of the spectrum, we heard that anti-trust laws, legislation on consumer protection and fair contract laws should be introduced to give consumers a fair deal.

I think it is worth noting that such divided views are all about what regulatory framework, or what means, Hong Kong should adopt in order to enhance competition. But there is no disagreement on the objective, or the end, which is to give consumers more protection.

Enhancing competition and providing more protection to consumers do not necessarily have to be at the expense of inhibiting commercial and business growth. The proof of this may be seen in the telecommunications and public transport sectors. In respect of the former, the Government has recently invited applications for additional local fixed telecons network licences which are to be issued in competition with that of the Hong Kong Telephone Company, initially to provide data and fax services and then, beyond the expiry of the Telephone Company's franchise over local fixed network voice telephone in 1995, to cover this sector as well. In the area of public transport, healthy and regulated competition is being provided when justified. Thus a new bus franchise for a package of 26 routes on Hong Kong island has recently been awarded to a new operator through competitive tender.

The Government will continue to build on these initiatives while developing a comprehensive competition policy. At this present formative stage, we will be considering a whole range of issues including for example, what competition policy is best suited to our circumstances.

We have an open mind on these issues. In the course of our deliberation, we will take into account the views already expressed in this Council and any further views that Members will no doubt wish to offer. I wish to assure Members that the Administration will also consult other relevant organizations, such as the Consumer Council, in addition to the Governor's Business Council.

Mr Deputy President, I note the concern expressed by some Members that the Governor's Business Council, as presently constituted, is not geared to the development of a comprehensive competition policy. While I can understand the thinking giving rise to such concern, I believe we need not be unduly worried since a competitive and equitable trading environment is important to all businesses, big or small. Also, we should not underestimate the Governor's ability in identifying the economic interests of the business sector which may influence the various views given to him.

The Government is gratified by the degree of interest shown by Members in the Governor's Business Council. While many have applauded the Governor's initiative, some have cast doubt on the potential duplication and co-ordination problems with other advisory bodies. Such worries are more theoretical than real.

Insofar as potential duplication is concerned, since the Governor's Business Council is set up to enlarge and enrich the range of advice available to the Governor, it would be wrong to replace any of the existing advisory bodies or to treat the Council as the sole body which the Government consults on

business and related matters. Co-ordination amongst various advisory bodies is not a likely problem since the views of the various advisory bodies are all channelled to the Administration headed by the Governor and since policies are formulated in the light of the views received.

Concern has also been expressed about the composition of the Governor's Business Council, in particular, about the absence of non-business sectoral representatives, such as those from the labour sector and academics. I would like to reassure Honourable Members on this point. Members are of course aware that there are many advisory bodies with multi-sector representation already. They provide the Administration — and the Governor — with valuable advice. They will continue to do so. There is no intention at all to sidestep this existing network of consultation. The Governor's Business Council will act as an additional source of expert advice from the business community. The absence of non-business sectors on the Council does not mean that their views are unimportant or will be ignored. Quite the reverse. The Government will continue to seek the views of these sectors and consult other advisory bodies when a policy or proposal affects their specific interest.

In reply to the concern expressed about the lack of representatives of small businesses on the Council, I wish to assure Members that the Governor's mind is open on this. There is no reason why the composition and membership of the Council should not evolve over time to reflect changing circumstances and needs.

Turning to the area of our industrial policy, some Members have argued that the Government should develop a more pro-active policy to support industry and technology development. As the Governor made clear in his policy address, the Hong Kong Government cannot afford to subsidize business or to provide safety nets for poorly-performing companies. We are committed to allowing the free play of market forces, which has enabled our industries to flourish in the past, and to take full advantage of the opportunities which the opening up of China has presented.

That said, we are committed to support industry's own efforts to improve its quality, its efficiency, and its development and use of technology. We do so through a range of policies and programmes. Some of these are not specific to industry, but are crucial to what manufacturers are seeking to achieve. For example, low and stable taxes provide the right climate for manufacturers considering investment in research and development. High quality education and training provide the skilled manpower needed by technology-intensive companies.

But in addition to maintaining a favourable climate for business as a whole, the Government has invested heavily in projects which are specifically targetted at supporting industrial upgrading. Let me give some examples:

- * We have two industrial estates catering to companies which are able to bring new or better technologies or products to Hong Kong. Work has started on the development of a third estate at Tseung Kwan O.
- * The Hong Kong Productivity Council, with a staff strength of about 500, provides a wide range of services to help manufacturers upgrade their productivity and technology.
- * Work has started on the construction of a new Industrial Technology Centre which will house new technology-based businesses.
- * A fund of \$200 million has been allocated for investment in applied research and development in industry.
- * The Industry Department's inward investment programme is designed to attract overseas investors who can bring useful and relevant technologies to Hong Kong.

The fact that we have instituted programmes which are specially designed to support industry is a recognition of the importance which we attach to this vital economic sector. And I would add that our thinking on how and to what extent we should support industry is by no means static.

The Industry and Technology Development Council, which was established earlier this year, will advise the Government on how the support we provide can be most effectively channelled, and on what additional measures should be considered. To take just one example, the Council will be advising on the need for a science park in Hong Kong, in the light of the findings of a consultancy study now being carried out.

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, a long time ago in a far off land there was a young boy who used to wonder whether there could be some sort of link between Aesop and his family, the Easons (*laughter*). To the ear it sounded as though there might be; but it transpired there was not. Hence, this afternoon, you will not find me wandering down the highways and byways and indeed over the bridges of fable and myth. Instead I shall be talking about the certainties and intentions in relation to housing, planning, conservation and the environment. Nonetheless, in all cases, I shall be looking for happy endings.

Public housing

Some Members have commented that the housing needs of the lower income groups were not covered in the Governor's policy address. Can I make it clear that the Administration's commitment to the public housing programme

is as strong as ever? The Long Term Housing Strategy is demand-led. In the five years ending 1990-91, the public sector has produced about 225 100 flats, which is very close to the target of 226 000 flats. In the next eight years, an average of 40 000 flats will be produced annually. This is not an achievement to be belittled; indeed it is a matter of open-mouthed admiration around the world and many come to see how it is done and how it can be copied.

Nevertheless, it is accepted that supply should be adjusted to reflect changing circumstances and this is what the Housing Authority has done. For instance, the annual reviews in the past three years identified a need to build more public sector housing units in response to changing demand and affordability. Production targets were therefore increased by 12 000 flats in 1990, 9 000 flats in 1991 and 21 200 flats in 1992.

Those in doubt about our public housing commitment might reflect on the fact that the Housing Authority will be spending over \$40 billion in the next five years in capital expenditure to provide more homes. New production of nearly 200 000 flats in the period will result in new homes for about 650 000 people. Clearance and redevelopment programmes will go hand in hand with this sustained level of public sector production. Under the Comprehensive Redevelopment Programme, the Authority has successfully rehoused 122 800 families from all Mark I and II and some Mark III to Mark IV estates. In the next five years, it plans to rehouse 113 500 more families through redevelopment, from temporary housing areas, and from squatter areas. In addition, it will continue to set aside one third of annual allocation to meet waiting list demand. These are real and achievable targets.

In 1985, we estimated that 30% of all our households were inadequately housed. This percentage was down to about 17% last year. The number of households still living in "over-crowded" conditions in public housing has decreased to about 5%, compared with about 29% in 1982. Since the introduction of the Long Term Housing Strategy in 1988, the median rent-to-income ratio for all public rental tenants has been maintained at about 7%. More recently, the Housing Authority has approved new measures to provide relief to those who have genuine difficulty in paying rent. In our last HOS sales, a discount of 45% of market value was adopted in setting prices, making nearly all flats affordable to those earning just below \$18,000 per month, and 50% of the flats affordable to those with an income of \$14,000.

Mr Deputy President, the figures I have given carry the clear message that our housing policies are bearing fruit and will help improve the quality of life of many more people in the years to come. Undeniably, there are still challenges ahead, especially in regard to improving housing opportunities for the elderly, single people displaced by redevelopment, squatters in unsatisfactory living conditions, and so on. On these, I am grateful to Members for their suggestions, which will be taken into account in future reviews of the strategy. I know the Housing Authority too is always willing to hear and respond to constructive fresh thinking.

Sandwich class housing

Regarding the Sandwich Class Housing Scheme, I should say at the outset that our proposals are based very much on the views expressed by Members of this Council and many others who wrote or spoke to us in the past five months. In particular, the income bracket we have adopted in defining the sandwich class and the production target of 5 000 units a year are widely agreed upon.

Some Members have nevertheless now questioned whether the number of flats is adequate. Mr Deputy President, the target group of 40 000 to 45 000 families is based on the best information available from the Census and Statistics Department. Although this can only be an indication, it is nonetheless a reasonable one. There are suggestions that the size of the sandwich class will grow by 1997. This is at least debatable. Any projection of this nature must be viewed in perspective and with extreme caution. Income levels change. So do market conditions and people's home ownership status. There is also the need to dovetail the scheme with the Home Ownership Scheme income limit, which may change over time. Assuming a straight line growth in the size of the sandwich class without regard to the many factors which can make the target move risks over-simplifying matters.

Because of this need to be flexible, the Administration thinks it will be essential to keep the scheme under regular review; although, for the present, we feel the target of 5 000 units per year is about right. The interim scheme is designed to achieve a "fast start" and to provide some units for those who wish to enter into home ownership early without waiting for the completion of the purpose-designed flats. The interim scheme involves modest numbers since the purchase of too large a number of flats from the market could reduce supply by too much and cause distortions. It would also have significant resource implications. Annual production for the long-term scheme not only reflects the consensus view on what is required, but is also designed so as not to affect the public housing programme or the supply of land required for other purposes. We have to strike a balance.

The details of our proposals are still being worked out and the views of this Council and the public in general will be taken into account. Our intention is to set prices having regard to affordability. This is already the case in setting HOS prices and each phase is many times over-subscribed. Since their earnings are higher than HOS applicants, the sandwich class should be able to afford at least a similar proportion of their monthly income for mortgage payments. We do of course need to establish a clear understanding of how the scheme is to be implemented and monitored in contractual arrangements with the Housing Society. Given its long record of service, I am sure the Society will have no difficulty over meeting basic requirements of accountability to the community and its clients.

Finally, I should mention that the Administration has considered other possibilities, including fiscal measures such as capital gains tax and tax exemptions for mortgage payments. However, these measures would run contrary to Hong Kong's simple, non-discriminatory and low tax system. We have also concluded that none of them would bring down property prices, but could instead encourage greater demand in the market and further inflate property prices.

Planning

I now turn to planning issues. As Members who commented on the implementation of Metroplan are aware, the Metroplan Selected strategy is a land use-transport-environment planning framework within which redevelopment of the Metropolitan Area can take place. It is not in itself a redevelopment programme; but it does lay down objectives and guidelines for such redevelopment. Metroplan recognizes the existence of areas outside Metro and their implications for it. These relationships, as well as the links with PADS, are and will be picked up through the Territorial Development Strategy review process.

Strategic concepts described in Metroplan need to be translated into detailed plans and development programmes. To this end, development statements are being formulated at the broad district level which will set out general land use patterns, building densities and action areas. Priority is being given to preparing the Tsuen Wan-Kwai Tsing, South East Kowloon and West Kowloon statements. The development statement for West Kowloon is near to completion; while the other two are expected to be completed in the first half of 1993.

Given that one Member stressed the need for a comprehensive strategic plan for the territory, it is perhaps time we brought the Territorial Development Strategy (TDS) to the fore again. Memories are short and much else has been going on. But the TDS was first formulated in the early 1980s for precisely the purpose described. We are now updating the Strategy to take into account PADS, Metroplan, and recent infrastructural developments in Hong Kong and in Southern China. Particular attention will be given to industrial land and storage area requirements and the need for port expansion and strategic transport requirements, especially additional cross border road and rail links for both passengers and freight with the port, airport and the business heart as appropriate. The review is expected to be completed during next year and a land-use-transport planning framework for the territory's development up to the year 2011 will be formulated.

Members have referred to our town planning mechanisms. Town planning is no longer a subject of interest only to developers, planners, architects, engineers and other professionals. Over the years, this important subject has attracted increasing public attention, as evidenced by the many detailed comments we received during the consultation exercise completed

earlier this year on the review of the Town Planning Ordinance. In view of the complexity and the technical nature of the subject, I believe it will be easier for the public to understand the conclusions drawn from the consultation exercise if they are set out in the form of a White Bill. The aim is to present such a Bill for consideration by the middle of next year.

Conservation

I am grateful to Members for the concern and interest shown in conservation which reflect the increasing level of public awareness of recent years. We are not without our achievements; for example: our country parks and special areas which cover 40% of the territory; the 50 sites of scientific interest we have designated; the one million trees and millions of shrubs planted each year; the protection of wild animals and rare species of fauna and flora; and the two buffer zones we have recently declared for Mai Po Marshes. Action is in hand to establish the first marine parks and reserves in Hong Kong, as are measures to reduce the use of hardwoods in construction. The Administration is also considering the details of the Rio Convention on Biological Diversity and its application to Hong Kong.

Mr Deputy President, there are inevitably competing demands between the requirements for development brought on by economic and population pressures and our perhaps more natural aspirations for conservation, particularly in a place as small and densely populated as Hong Kong. We have to try to achieve a balance. Through our strategic and town planning processes at all levels — and now extended to cover the whole territory — and the arrangements for applying and improving the planning standards and guidelines in these processes, we are getting better at striking this balance.

Environment

Turning to the environment, I am encouraged by the number of Members who gave time in their speeches to the environment and covered diverse aspects of this very wide subject. Mr Deputy President, I intend to address as many of these matters raised as possible, starting with perhaps the most pressing — water pollution.

As the Governor made clear in his address, while our plans to control water pollution will take longer to implement than many of the other plans in hand to deal with other environmental problems, we are nevertheless determined to move as quickly as possible to halt the severe pollution of our central harbour. To this end, and in addition to the existing funds of about \$900 million, not less than \$3 billion from the Capital Investment Fund will be committed to allow work to start on a high priority programme of sewage services for the main urban area. Subsequent phases include sewage collection, treatment and disposal systems for Hong Kong Island and the long sea outfall for the safe oceanic disposal of treated waste waters from the main urban area. The planning of these is already in hand, including preliminary design work in

respect of the long sea outfall. Consultations with the Chinese authorities on technical aspects of the oceanic disposal arrangements and joint surveys to determine the alignment of the outfall are also under way. We certainly see the strategy as a whole, even though full implementation of such a large project is inevitably a long-term prospect.

On charging for sewage services, a scheme that will draw modest contributions from those who cause water pollution is being formulated. The intention is that the public should be consulted on this scheme during a proper period allowed for the purpose before charges are finalized and introduced. I expect this consultation to begin before the end of this year.

I should point out that these measures are not the full scope of our work to abate water pollution. On the engineering side, the Government's firm commitment to the high priority programme of the sewage strategy does not mean that other sewerage projects are not proceeding. On the contrary, major sewerage schemes in the New Territories are in hand — the Northwest New Territories Sewerage and Disposal Scheme costing \$1.1 billion, the Tolo Harbour Effluent Export Scheme at \$930 million, and the Tseung Kwan O Sewage Treatment and Disposal Scheme at \$840 million are examples of the sewage projects being pursued outside the main urban area.

On the legislation side, we propose to amend the Water Pollution Control Ordinance to require buildings to be connected to the new public sewers we are installing and to impose tighter controls on the operation of private waste-water treatment facilities to stop them contributing to water pollution, as many do at present. These amendments should be before this Council shortly. Finally, the water control zones programme is being implemented in stages. Seven zones have been declared already and are being successfully enforced. Two new zones — Eastern Buffer and Western Buffer, which cover some parts of Victoria Harbour — will be declared in June 1993 and the declaration of the remainder of Victoria Harbour should follow soon after to complete the picture.

I will now move on to our plans to deal with solid wastes. These plans are dependent on environmentally acceptable and cost effective waste disposal facilities, the core of which are three strategic landfills supported by a network of refuse transfer stations. Implementation will allow us to close down the incinerators and older landfills which are no longer environmentally acceptable and are of concern to nearby residents. Also opening early next year will be the Chemical Waste Treatment Facility which, together with the complementary controls on chemical wastes that are now being implemented, will provide a solution to the long-standing problems caused by the dumping of toxic wastes into Victoria Harbour via our sewers and drains.

All our new facilities will be operated to very high environmental standards laid down in contract conditions for operators and, where appropriate, codes of practice for users. While no one likes waste disposal facilities near their own backyard, the public co-operation we have received

over siting them so far can be ascribed, I believe, to the consultation that we have carried out with those who may be affected and to the high environmental operational standards required.

There is, however, still a need to find ways in which wastes can be reduced or disposed of in an environmentally acceptable manner that does not use valuable disposal facilities unnecessarily. In this respect, several Members emphasized the need for recycling and waste minimization. While I do not think recycling activities involving direct participation by the government could command priority in the competition for new resources, we are committed to encouraging the use of recycled materials and to waste minimization. In the public sector, several initiatives have been taken. There is, for example, an active paper recycling programme in most government offices and some Housing Authority estates. In the private sector, Hong Kong's performance stands up well in world terms. Private companies recover in one way and another over 30% of the municipal wastes generated, which means 30% less waste need to be disposed of. The wastes recovered are largely exported for recycling elsewhere in the region, and Hong Kong received \$2.2 billion in export earnings from this source last year. Also in the private sector, fresh initiatives are behind recycling ventures for laser printer cartridges, bottles, and heavy metals such as nickel, copper and chromium, and steel reinforcement rods in the building industry. Should those involved feel that the Government could support their efforts in some practical way with good effect, we will be prepared to consider their ideas.

To be successful recycling and waste minimization require a good deal of public co-operation and public education. Contrary to the suggestion that the Government has failed to educate and persuade the public regarding the importance of environmental protection, I believe that since the publication of Hong Kong's first Environmental White Paper in June 1989, a great deal has been done to raise the level of environmental awareness in Hong Kong. This will continue. In financial terms, government expenditure on environmental publicity increased from \$0.4 million in 1988-89, to \$1.7 million in 1991-92. In education campaign terms, much has been done by the Environmental Campaign Committee (ECC) to raise awareness about environmental matters. Several festivals and campaigns have been organized, including an annual environmental protection festival. The ECC has also developed an environmental data base open to use by green groups in Hong Kong and, through them, members of the public. This year also saw the publication by the ECC of a checklist for small factory owners which is designed to show that protecting the environment need not cost a great deal of money nor take up much space in factory premises.

A full statement on environmental education measures was given to this Council on 9 April 1992 and I will not repeat here. Suffice it to say that environmental education is an important item in the school curriculum and that the Education Department is deeply concerned with its progress in schools. The Environmental Protection Department is also active in this area and plans to

open an environmental resource centre in the old Wan Chai Post Office next year. In addition, a great deal of information on the environment is made available in the comprehensive annual reports and other publications produced by the department and through talks and interviews given by the Director and his staff. Various green groups and the media also play an active and important role in educating and informing the public on environmental issues. The Administration welcomes all this and feels that the environmental information table is far from bare.

Public awareness of environmental matters has been discussed in another context — Environmental Impact Assessments (EIAs) and the need for their public disclosure. Mr Deputy President, the requirement for EIAs to be produced is now virtually standard for both private and public sector development projects of any significance. It is our intention that EIA reports on major public sector projects should be made available to the public. The Environment Pollution Advisory Committee and the appropriate District Boards are also consulted on EIAs for major projects. We are considering whether EIA procedures should be given statutory effect. On a particular area of concern, I can confirm that arrangements for the proper environmental monitoring of the impact of works associated with the West Kowloon Reclamation were put in place on 1 October with the establishment of the Environmental Project Office — memorably referred to in the abbreviation as ENPO — for the project.

Our efforts to deal with air and noise pollution are also making steady progress. Apart from the dramatic reduction of sulphur dioxide levels referred to in the Governor's address, air pollution problems are being tackled in several ways. The Air Pollution Control (Amendment) Bill, which was introduced to this Council in June this year, proposes a further attack on air pollution by expanding controls over specified processes. The Bill also proposes measures to deal with asbestos. Air pollution from vehicle exhausts remains a persistent nuisance despite the successful introduction of unleaded petrol, and further measures to tackle this problem must be explored. I therefore intend to re-examine the issue and consult EPCOM on it again in the new year. A working group has recently been set up to produce some thinking on the possible role of electric vehicles in Hong Kong from both a pollution and an energy efficiency point of view.

Mr Deputy President, we must also strive to make Hong Kong a quieter city. While substantial relief from noise pollution will be achieved for many in the urban area when the new airport at Chek Lap Kok is opened, other measures to control excessive noise are required. A Noise Control (Amendment) Bill and Regulations are therefore being drafted to build on the controls on construction noise introduced in November 1989. The new Bill will seek to control several types of powered equipment and construction work. In addition, an amendment to the Road Traffic Ordinance, which would empower the Commissioner for Transport to implement traffic management schemes on environmental grounds, will be put to this Council next month. Engineering solutions to noise pollution are also being implemented. In 1992-93, a further 25 schools will be provided

with double-glazing and air-conditioning under the Schools Insulation Programme, while eight more sections of roads in Kowloon and the New Territories will be resurfaced using a quiet road mixture.

It is sometimes suggested that industrialists should be offered tax incentives to assist them to meet the requirements of environmental legislation or tax relief if they attach importance to environmental protection. The simple fact is, however, that the current low rates of tax in Hong Kong offer little scope for such incentives or relief to be applied effectively. It is accepted that there should be awards for those companies which demonstrate a high level of environmental awareness however. Members may recall the announcement on 20 March this year of the introduction of a new Governor's Award to Industry for Environmental Performance. The award will be made on the basis of a recommendation by the Private Sector Committee on the Environment and the Trade Development Council. The first such awards will be presented by the Governor on 9 December.

The Administration also accepts that industry may need assistance to comply with environmental requirements. The Director-General of Industry has appointed consultants to advise what might be needed. Nevertheless, we do expect industry to fulfil its environmental obligations and abide by environmental legislation. To this end, the penalties under environmental ordinances are being increased to bring them up to date, and to reflect more accurately the cost of dealing with environmental abuse, and to make senior executives more directly responsible for the pollution that their companies produce. This is now a standard legislative requirement in most developed communities and Hong Kong should fall into this category for this purpose. There has already been an extremely lengthy grace period.

Mr Deputy President, although much remains to be done, the foundations of an effective environmental protection agenda in Hong Kong have been firmly laid and much has already been achieved. However, in the process of looking at other possible environmental initiatives in response to the Governor's call, I believe we should next examine issues which go beyond the urgent action plans that were the crux of the 1989 White Paper. I refer here to the question of how Hong Kong should fulfil the obligations arising from the Earth Summit in Rio de Janeiro in June this year; to the concept of sustainable development; to the need to consider the phenomenon of global warming and what Hong Kong can do about it; and to the need to make Hong Kong more energy efficient. Mr Deputy President, it is my intention that these, and other issues which may emerge from public consultation and debate, should be included in the second review of the 1989 White Paper the results of which are due for publication next year. Thank you.

SECRETARY FOR WORKS: Mr Deputy President, continuing economic growth demands a planned implementation of capital investment in developing the supporting infrastructure. The history of Hong Kong has been proof of this

relationship, if proof was ever needed, virtually a history of non-stop construction from the densely-populated urban areas, through the New Towns programme into the more remote parts of the territory. The results have been spectacular.

In responding to some of the questions raised by Honourable Members, may I start by repeating the words used by the Governor, that we shall continue to build for the future. During the five years' period 1992-93 to 1996-97, this Government will spend \$78 billion on Public Works Programme infrastructure projects, at March 1992 prices, in addition to \$43 billion at March 1991 prices which is being spent on seven Airport Core Projects (ACP).

The projected spending on non-ACP works of \$78 billion represents a 44% growth in real terms over spending on public works during the past five years. It also represents about three quarters of the Government's forecast of total capital works expenditure over the next five years, as has already been explained for the Chamber.

We shall increase our land assets by reclamation, improve our drainage system and sewage services, upgrade our port facilities and transport network, and provide more health, education and community facilities. Our investments in our economic and social infrastructure will enhance the competitiveness of our economy and improve our quality of life.

There are at present over 2 000 items in the Public Works Programme (excluding those of \$10 million or less in contract value), all of them at different stages of planning, investigation and construction. A feature of a Public Works Programme, which should not be ignored, is its flexibility and ability to adapt to changing circumstances. The priorities of different programme items are subjected to regular review by Policy Branches, and their status can be adjusted where appropriate to reflect changes in the needs of the community.

The list of new projects for land formation, environment, infrastructure and community facilities which have either started or which are programmed to commence construction during the next three years, includes a \$444 million scheme to reclaim 19 hectares of land in Aldrich Bay, Shaukeiwan for residential and community uses, a \$1.8 billion project to develop a large waste disposal landfill in Northeast New Territories, a \$1 billion project to upgrade Lung Cheung Road and Ching Cheung Road, a duplicate Tsing Yi South Bridge at \$785 million, a \$2.7 billion project to provide the necessary back-up area and infrastructure for Container Terminal 9 port development in southeast Tsing Yi, and a new convalescent/infirmity hospital at Tai Po at \$682 million.

In response to concern expressed by an Honourable Member, I would also like to mention a \$1.1 billion scheme, which commences construction in mid-1993, to widen and realign river channels in the Northwest New Territories to mitigate flooding risk in the low-lying areas around Yuen Long and Kam Tin.

Criticism has been raised at the fact that full implementation is only now beginning and will take some years to complete; in reply I can assure you that means will be employed to minimize the time needed for commissioning those items in the scheme, which bring about the earliest possible reduction of risk. This scheme is in addition to other measures being taken to avoid danger or damage from flood, including the implementation of pumping schemes to protect individual villages. Drainage Impact Assessment procedures are in place to determine in advance the effects of any major new developments on the local flooding situation, and allow appropriate action to be taken.

I shall now turn to the New Town Programme, which was formally started in 1972, and is celebrating its 20th anniversary this year. Hong Kong now has eight new towns, with a total population of 2.3 million. By the year 2000, the population of the new towns is expected to reach almost 3 million, which will be about half of the expected population of Hong Kong at that time.

Development of the first generation new towns, Tsuen Wan, Sha Tin and Tuen Mun, is substantially complete. It is expected that Sha Tin will take over from Kwun Tong and Eastern to become the most populated district in the territory by the year 2000. Development of the second generation new towns, Tai Po, Fanling/Sheung Shui and Yuen Long, have passed their half-way mark and are continuing. The third generation new towns, Tseung Kwan O and Tin Shui Wai, which began their development only in the second half of the 1980s, are already success stories in their own right. The Government, including the Housing Authority and the Urban and Regional Councils, will have invested some \$240 billion in the New Town Programme, over a 40 year period from 1972 onwards. During this same period development will begin for the ninth new town which is planned for the Tung Chung-Tai Ho area on North Lantau. Initially it will provide airport support town facilities, but is planned for incremental expansion to reach a population of 200 000 by the year 2011.

Professional visitors and others to the territory continue to express admiration and astonishment at the scale and speed of our new town programme, with its co-ordinated infrastructure developments comprising new highways, light rail, surface and sub-surface mass-transit rail, industrial parks and amenity facilities. Planning standards have been improved in step with public awareness and the demand that has come from increasing prosperity. This is clearly in evidence at the latest new towns, Tseung Kwan O and Tin Shui Wai, the latter being the first new town to have been developed from day one in partnership with a private developer.

Meanwhile work on all projects funded from the Government's Capital Works Reserve Fund as part of the Airport Core Programme is progressing well. Through the reclamations, bridges, roads and urban developments that comprise seven of the 10 projects under the ACP we are directly contributing to the development of Hong Kong's Western Harbour infrastructure. We are creating new economic opportunities for urban development and port expansion, and are thus making a major long-term investment in the economic

future of the territory as a centre of business, trade and finance in the Pearl River Delta region.

Progress on the ACP is visible to all. Seven major contracts are already underway to construct the West Kowloon Reclamation, adding well over 300 hectares of valuable space to the land available in present day Kowloon. The reclamation will provide land for the West Kowloon Expressway, airport railway, and northern landfall of the West Harbour Crossing, as well as providing opportunities for major improvements to the urban facilities available in West Kowloon, especially the sewage and surface drainage system. Work on the Tsing Ma Bridge is progressing well and the contract for the Kap Shui Mun Bridge and Ma Wan Viaduct will commence let next month. Tenders for the last of the three contracts that will complete the North Lantau Expressway will be invited early next year. Site formation is underway for Phase I of the new town development at Tung Chung, tenders for two of the three contracts for the ACP of Route 3 have been invited, and tenders for the first phase of the Central Reclamation have been received and evaluated.

The Kap Shui Mun formal award next month will bring to 18 the number of ACP construction contracts awarded and to be directly funded from the Capital Works Reserve Fund. These contracts have been placed for the most part on fixed price lump sum terms, and total almost \$19 billion, a figure which represents about one third of the estimated capital works expenditure budgeted by the Government under the ACP.

The fact that we have been able to make these awards within our budgeted estimates pays tribute to the prudent financial planning and the stringent controls that have been placed over scope development. It is also a sign of the stiff competition we are seeing from local and overseas companies seeking to participate in the ACP projects implementation.

Thank you.

SECRETARY FOR TRANSPORT: Mr Deputy President, in paragraphs 31 and 32 of his address, the Governor clearly stated the Government's intention to continue to build for the future. This of course includes transport infrastructure. I shall focus on our current and future plans to maintain the impetus in developing our transport system, which is so essential to our continued social and economic well-being.

Our policy objectives are clearly stated in successive transport White Papers, the latest being the one in 1990. Our strategy has been successfully applied. Hong Kong can justifiably be proud of its record in transport development. Over the past 10 years, we have built three MTR lines, one light rail system, six tunnels, and over 350 kilometres of road. We have added 120 bus routes, 70 residential coach services and 150 green minibus routes. All of this is in addition to the substantial expansion of rail services. In the past 10

years, the KCRC have invested \$5.8 billion in upgrading its system and rolling stock, and the MTRC have invested \$15 billion in line extension and quality improvements.

Despite a substantial increase in the number of private cars, by about 9% in each of the last three years, average travel speeds in the urban area have in fact improved by 10% during the same period.

But no city in the world can ever remove traffic congestion completely. Indeed, traffic congestion can be regarded as a sign of a dynamic and growing economy. The reality must be recognized. Supply of road space can never match demand in coping with the increasing vehicle numbers which result from the growing affluence of our community. New roads will soon become full because of released suppressed demands. We can never build ourselves out of congestion. The simple truth is that traffic congestion here and anywhere else in the world can only be contained and managed, not eliminated.

Members' concerns about increasing traffic congestion, particularly in parts of the New Territories, are fully appreciated. We have plans to tackle these problems.

In the Northwest New Territories, some \$2.7 billion has been committed to improving the road system. This includes the construction of the Tuen Mun/Yuen Long Eastern Corridor, the Yuen Long Southern Bypass, and the final section of the New Territories Circular Road, all to be completed within the next two years. In addition, an extension of the Light Rail System to the Tin Shui Wai New Town will be opened early next year.

Meanwhile, a wide range of road improvements and traffic management measures are in hand. These include, for example, planning to build climbing lanes in the uphill sections of the Tuen Mun Highway to improve traffic flow. Sections of the Castle Peak Road are being widened. Vigorous law enforcement measures will be taken to prevent accidents and to speed up vehicle recovery. The possibility of designating bus-only lanes during peak hours is being considered.

Also important is the development and extension of ferry services between Tuen Mun and the urban centres. This month, a new direct route between Tuen Mun and Kowloon was started. We are now starting to discuss with ferry operators how best to open up more services, particularly during peak hours. We believe there is scope to introduce more healthy competition by bringing in new operators and adding new routes to serve the expanding population of the Northwest New Territories.

The long-term solution to congestion between the Northwest New Territories and the urban centres lies in the construction of the Route 3 Country Park Sector, including the Ting Kau bridge. This is a very expensive project estimated to cost about \$10 billion at present day prices. Preliminary designs are

in hand. We have also engaged financial consultants to advise on whether and how best the project could be financed by the private sector so that it could be built as quickly as possible. We should receive the consultants report within the next month or so before taking a decision on the way forward. The possibility of a rail link is also being considered under the Rail Development Study which I will mention later.

Between the new towns and the urban centres, extra efforts have been made to develop more express bus services. We now have 53 such services. Another seven will be added over the next two years. These bus services are supplemented by 47 residential coach services taking the residents of estates direct into the urban centres.

I should mention in this context that the cornerstone of our public transport system is to maintain a broad range of choices for customers, offering them different degrees of speed and comfort, and at reasonable fares. The same holds true in the Transit Service Area of the Northwest New Territories. Despite the fact that the LRT remains the backbone of the system in that area, it enjoys no greater protection than franchised buses. There is competition from public light buses, taxis and residential coaches. The KCRC have bought 30 more light rail vehicles which are being delivered as from this month to improve the LRT service. More feeder bus services are also being added as necessary.

We are conscious of the need to deal with peak hour congestion of the LRT system. A review is in hand to consider how best to relax existing rules in the Transit Service Area to meet this demand. We hope to release the results of a joint study between the Government and the KCRC early next year, for public discussion.

Vehicle breakdowns and traffic accidents, particularly those involving goods vehicles, aggravate traffic congestion. In the short term, legislation is being drafted to increase penalties for overloading goods vehicles. More roadside weighstations are being planned. The improper loading of goods vehicles will be vigorously checked and offenders prosecuted. For the longer term, the Freight Transport Study, which focuses on the future freight requirements of the territory, will recommend how the trucking industry can more efficiently be organized. It will also recommend a possible freight rail line to the container port. The results of this study will be available early next year.

Our long-term planning also covers rail development over the next 20 years. A consultants report on this subject should be available by the end of this year. It will recommend a long-term strategy and priorities for rail development. This will cover rail links to the Northwest New Territories and other areas, including the extension to Tseung Kwan O. On the latter point, I should like to stress that we have not committed ourselves to building this

extension unless and until an overall view is taken on its viability and its relative priority compared with other rail development schemes.

One key factor in the success of our transport system is the close co-operation between the Government and the community. We have an excellent record of involving the community in planning and implementing local transport schemes and developments. For example, all District Boards are fully consulted in the planning of bus and ferry services and in local traffic management schemes. I am pleased to say that this has been a very fruitful partnership in planning together and working out the solutions best suited to the local needs.

In the same spirit, I now intend to set up a working group comprising representatives of the Administration and the relevant District Boards to work out solutions to the traffic congestion problem in the Northwest New Territories. The Commissioner for Transport will invite the District Boards concerned to the first meeting as soon as possible. The task of this working group will be to explore what can be done to manage road space better and to improve public transport in the area. It will consider such matters as the better timing of road maintenance programmes to minimize traffic disruption, the pros and cons of earmarking bus-only lanes and other management measures to facilitate public transport during peak hours. I hope to receive the first report of this working group within three months.

Our transport strategy and policy objectives remain clear and our determination to contain and manage congestion is unwavering. However, the measures I have outlined require the full understanding and support of the community and of this Council. They require difficult decisions on the allocation of resources in the light of competing priorities for public funds. They require careful judgement in balancing the conflicting needs of different sectors of the community. They also require determination to implement them in the absence of unanimous agreement. Hong Kong's past record has demonstrated that we can make balanced decisions despite difficulties. I am confident that we can maintain that record. Thank you.

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, a fortnight ago, the Governor presented to this Council the agenda for Hong Kong for the next five years. This included clear and firm commitments to invest in our future through retraining our workforce, promoting research and development in our tertiary education institutions and upgrading the quality of education in our schools. These commitments have been welcomed by Members of this Council and by the community at large. I pledge my best efforts, and those of my colleagues in Education and Manpower Branch and in the departments and agencies within my programme areas, to implement the various initiatives.

In the area of education, overall recurrent expenditure will rise by 15.8% in real terms between now and 1996-97. Coupled with the forecast decline in the student population, this translates into an increase in the average spending per student of 24%, or 5.5% a year compound. While this may not have satisfied everyone's aspirations, the rate of progress is significant by any standards, and certainly no less than the forecast rate of real economic growth.

The increased funding will enable us to improve both quantity and quality: more places at the tertiary level and more quality in our schools. The improvements in each of these sectors will benefit the other: better schools will mean better prepared students for our tertiary institutions; and more tertiary places will bring, among other benefits, more and better teachers for our schools.

The extent of these improvements is not limited by the amount of additional funding. Much can be done by better management of our resources. Over the past few years, through productivity improvements and judicious reordering of priorities, we have been able to redeploy substantial resources to fund a number of much needed new activities. This is how we have managed to press ahead with implementing some of the improvements recommended in the 4th Report of the Education Commission: the Curriculum Development Institute has been set up; we are on schedule with the development of learning targets and target related assessments; and proposals on guidance and counselling services, language in education, and enhancement measures for students with special needs are all being vigorously pursued.

The recommendations in ECR 5 on the teaching profession have been widely welcomed. We all want a supportive working environment in schools which allows teachers to give more individual attention to students. We all want high quality teachers, able and motivated to develop professionally throughout their career. Our plans to provide additional teachers to schools, reduce class sizes and upgrade the preparation and qualifications of our teaching force will go a long way towards achieving these objectives. They are also designed to augment and maximize the benefits of the ECR 4 improvements.

We shall continuously look for ways of achieving the greatest possible impact of the various improvement measures. I am grateful for the suggestion that the improved teacher:student ratios should be applied differentially at the secondary level, so that schools taking mainly less able students would benefit more than those taking more able students. I see merit in this approach, and will discuss with our advisory bodies how it might best be implemented.

In a further attempt to maximize the benefits of the improved teacher:student ratios, we shall press ahead with changes in the school management framework. In 1993:

- we shall set up a committee on home-school co-operation, to encourage more positive contact between teachers and parents;

- we shall develop a systematic, school-based induction programme for new teachers; and
- we shall build on the experience of the first batch of schools in the School Management Initiative, with a view to extending SMI to all schools as quickly as possible.

The committee on home-school co-operation will identify how parents and teachers can more effectively work together to help our young people achieve personal and intellectual maturity. This will benefit all the parties concerned — parents, teachers and students — in terms of greater mutual understanding and respect, and a reduction in the stress sometimes associated with the education process. I would only wish to add, on this last point, that stress is an inevitable part of life, particularly in a crowded and fast-moving city such as Hong Kong. I believe that, rather than over-protect our young people, there would be merit in teaching and helping them to manage stress and to develop a positive attitude to the challenges of modern life.

Turning to teacher education, ECR 5 has outlined the strategy for upgrading the colleges of education and identified the administrative and academic tasks which must now be done. ECR 5 has deliberately, and quite rightly, not sought to tie the hands of those who will undertake these tasks. It has kicked the ball into play, and the Provisional Governing Council will run with it towards the goal of creating the Institute of Education by October 1994. Meanwhile we shall make such interim improvements as we can in the colleges: upgrading the staff, libraries and equipment, and improving the promotion ratio for the basic lecturer rank.

We shall also be setting up, as early as possible in 1993, the Advisory Committee on Teacher Education and Qualifications recommended in ECR 5. I expect that this committee will, as a priority task, develop an assessment mechanism for holders of non-standard teaching qualifications. This will help us identify a larger pool of potential teachers, and enable those who demonstrate their competence through open tests to be appointed as qualified teachers. We expect that some of the 780 new teaching posts to be created next year will be filled through this new mechanism.

Some Members have urged us not to lower quality by adding too many new teachers to the schools too quickly. I wish to reassure them on this point. The whole thrust of the ECR 5 strategy is to enable schools to provide a higher quality service. In the longer term, this higher quality will emerge from the greater attraction of teaching as a career, a revitalized teacher education programme, and encouragement for teachers to upgrade their qualifications throughout their career. In the short term, schools should be able to fill their new posts with competent teachers, including some experienced teachers deferring their retirement by a year or two, and some holders of non-standard qualifications who have proved their suitability to teach.

Several Members have expressed a wish to see more being done for kindergartens. I entirely accept the fact that, although it is not a pre-requisite for Primary I entry, most parents do choose to send their children to kindergartens. I also accept that kindergarten education can have beneficial effects on a child's development. Our policy is to enable all to have access to kindergartens, by providing fee remission to those who need it and by subsidizing, to the tune of \$113 million this year, the rent and rates of non-profit-making kindergartens.

The main concern at this level of education is to raise the quality of teachers. We want more teachers to be trained, and we want operators to employ trained teachers at decent salaries. This means higher costs and therefore higher fees. To help parents meet the fees, we shall increase funding for fee remission by 145% over the next five years, from \$26 million this year to \$63 million in 1996-97. The kindergarten fee remission scheme will by then be fully aligned with the points system for senior secondary fee remission. With this substantially increased support for families who need help with kindergarten fees, we shall be in a position to consider legislating for a minimum proportion of trained staff in each kindergarten. This will increase the demand for trained teachers, and so lead to improved salaries. This should, in turn, motivate more young people to undergo training as Qualified Kindergarten Teachers.

I have one other point to make on education. Some Members have called for the abolition of floating classes in secondary schools. Floatation means that a class of students is not allocated its own classroom but has to use different classrooms and special rooms throughout the day. The practice was first introduced as a temporary measure in the early 1970s and was adopted in 1978 as a longer-term means of maximizing the use of limited school space. Schools that have to practise floatation invariably do so in their most senior classes. Of the existing 1 460 floating classes, 1 100 are in Secondary VI and VII, leaving some 360 at Secondary V or below.

Floatation has served the useful purpose of enabling a vast expansion of secondary places within a short time. It is, however, not something that we are proud of. I share Members' concern over floatation at Secondary V and below. I am pleased to say that new schools built since 1990 have enough classrooms for all classes at or below that level. The Education Department will discuss with existing schools with a view to identifying suitable solutions.

I am less worried about floatation at Secondary VI and VII, where classes are smaller and the use of special rooms for split class and small group teaching is very much a fact of life anyway. And since, for most students, schooling at Secondary VI and VII is a preparation for further studies, floatation does help acclimatize them for tertiary institutions which do not as a rule provide specific classrooms. I shall nonetheless not be complacent. The anticipated decline in secondary school enrolment in the latter half of the 1990s should offer prospects for improvement. I shall try to seize this opportunity.

I turn now to employment-related matters. Some Members have suggested that our programme to retrain workers should be greatly expanded. Their concern is clearly well-meant but, with respect, seems to have been founded on a misreading of the statistics.

Our latest manpower forecast, released in December 1991, projected that by 1996 the workforce would include 84 600 workers with junior secondary education or below but occupying posts requiring a higher educational qualification. But this figure does not equate with the requirement for retraining. It refers to people who are already in employment. Not all of them want or need retraining. Indeed, the 1991 Census shows that 33 600 people with junior secondary education or below are working as "managers and administrators".

Nor would it be appropriate to assume that everyone who is unemployed needs to be retrained. The unemployment figure, which now stands at about 58 000, includes many who might just be in between jobs. Some of them are degree holders. Judging from past trends, about half of those who are unemployed at any point in time are unlikely to remain unemployed for more than two months, indicating that they can find work without the need for retraining.

At least initially, the employees retraining scheme is targeted at those workers who have been displaced from their jobs because their skills have become redundant as a result of structural changes in the economy, and who need special assistance to acquire new skills in order to find new employment. We have done a special survey recently in an attempt to quantify the size of this target group. The preliminary results of the survey indicate that some 31 000 workers had been displaced from their jobs during the 12-month period ending June this year because their former employers' businesses had closed down or moved elsewhere or because their jobs had been otherwise made redundant. However, the majority of these workers had managed to secure new employment within three months. Only about 10 000 of them had remained unemployed for three months or longer. I think it is right that we should focus on this group at present.

The number of workers requiring retraining under the scheme will probably change over time. We shall review the demand regularly, and if circumstances indicate a definite need for more retraining places, we shall do our best to try and meet it.

Some disappointment has been expressed that the Governor's address did not contain proposals to improve workers' welfare. I should have thought that our concern to safeguard workers' welfare and interests is well established and need not be repeated on every occasion. The facts speak for themselves. In the last Session of this Council, for example, we have introduced a dozen Bills dealing with labour matters. We shall keep up the momentum in improving the

safeguards for employees' safety, health and welfare. During the Council's current Session, we intend to introduce draft legislation in a number of areas:

- first, to improve safety in the use of lifting appliances and suspended work platforms;
- secondly, to improve further the employees' compensation scheme by providing for higher compensation and wider coverage;
- thirdly, to institute a compensation scheme for noise-induced hearing loss;
- fourthly, to overhaul the pneumoconiosis compensation scheme and to provide substantial improvements in the benefits paid to pneumoconiosis sufferers; and
- fifthly, to increase the level of ex-gratia payments under the Protection of Wages on Insolvency Ordinance.

Members will also know that we have just published proposals for a community-wide retirement protection system for public consultation. I look forward to receiving views from all sectors of the community.

Let me conclude by thanking Members for their support for the Government's initiatives on training, education and manpower. While these may not meet everybody's aspirations, they do represent a realistic, coherent and substantial package which will not only address immediate concerns but also lead to lasting improvements. My colleagues and I will work diligently to deliver on the targets, and we look forward to receiving Members' co-operation and guidance in the process.

Thank you, Mr Deputy President.

SECRETARY FOR HEALTH AND WELFARE: Mr Deputy President,

I wish to thank Honourable Members for their comments. I will respond to the main issues on health and welfare raised in this debate on the Motion of Thanks.

SOCIAL WELFARE AND REHABILITATION

Funding for welfare

Members of the public and Honourable Members of this Council have welcomed Government's commitment to meeting improvements to the social security scheme and the key targets set out in the White Paper on Social Welfare and the Green Paper on Rehabilitation. However, some concern has been

expressed about the economy's ability to shoulder the so-called extra financial burden arising from such commitment.

Let me allay this concern by going into the details of the proposed financial arrangements. The \$2.3 billion injection into the Lotteries Fund is unquestionably an innovative way to secure funding over the next four financial years to meet the recurrent expenditure for new services. This injection of funding is made possible by the good revenue situation that we have enjoyed in the recent past. When this injection of funding is exhausted, we will be able to absorb these commitments into the General Revenue Account. The real growth rate in expenditure for the social welfare is 26% over a four-year period. We are not spending tomorrow's money today. We are not saddling the economy with superfluous debts. We have the money today to deliver the service tomorrow on time and within schedule.

One or two Members have criticized this injection of new money as merely settling old debts, or at best putting old wine in new bottle! Settling old debts? When the Green Paper on Rehabilitation into the 21st century is hot off the press? When the Social Welfare White Paper into the 1990s and Beyond is only 18 months old? What old debt is there? These are new services, not old debts.

Whether it is "old wine in new bottle" or "new wine in old bottle", the bottle is not at issue here. What matters surely is the wine. It is the benefits to the people that we should be concerned with. These benefits are new. These benefits are achievable. This is the point of focus. Honourable Members may wish to be reminded that at the time of the publication of the White Paper and the Green Paper, the concern at the time was the lack of government financial commitment. Last year, the cynics described our Green Paper as a "beautiful dream". Now that we have Government's commitment, our dream has come true. Let us get real and get on with the work.

Public assistance

Now let me say a few words about our Public Assistance Scheme in Hong Kong. Our Public Assistance Scheme is non-contributory but is means-tested. The assistance is aimed at meeting essential items such as food, clothing, fuel and light. Since 1971, there have been regular revisions based on the price movement of the Public Assistance Index of Prices (or PAIP). Additionally, a rent allowance is payable to Public Assistance recipients to cover the cost of accommodation and from time to time additional supplements and allowances have been introduced to meet special needs, such as needs arising from family circumstances or old age or disability or both. In other words, our Public Assistance philosophy is based on need. The more needs people have, the more they get from Public Assistance. The scheme has therefore developed on the concept of need to ensure that the Public Assistance clients' standard of living does not lag too far behind that of the general population.

Since the introduction of the Public Assistance Scheme in 1971, the Public Assistance rates have been adjusted 14 times according to the movement of the PAIP. The PAIP is similar to CPI(A), except it excludes rent, luxury items such as jewellery as well as alcohol and tobacco. Rent, as we all know, is paid for under the Public Assistance Scheme as a separate item. The Public Assistance rate in 1971 was \$70 per person per month. It is now \$825 per month. This represents an increase of 1079%. During the same period, that is from 1971 to 1992, the PAIP has increased only by 508%. In other words, the real increase in the rates exceeds inflation rate for Public Assistance recipients. This is a fact. This cannot be denied.

In his policy address, the Governor has proposed a Comprehensive Social Security Assistance Scheme to be implemented on 1 July next year. This proposal consists of standard rates and special subsidies to meet individual needs of recipients. This is best illustrated by examples: an elderly person aged 60 now receives a basic rate plus supplements and allowances of \$1,620 a month. Under the new arrangements, he will receive \$1,800 a month. An elderly couple both aged 60 now receives \$2,790 a month, but under the new arrangements they will receive \$3,090 per month. A family of four (a single parent, two children and a grandparent) now receives \$4,960 a month, but will in future receive \$5,510 a month. Fees for services at public hospitals and clinics are also waived. To put it in another way, the elderly couple receiving \$3,090 a month is tantamount to receiving 56% of the average monthly manufacturing wage at \$5,538 a month. The family of four receiving \$5,510 a month is getting 99% of the same average wage. Whether the rates are sufficient is obviously a matter of individual opinion. Nevertheless, this should not detract from the fact that the improvements are real; they are reasonable; they are in keeping with our philosophy of need.

I should add that the Public Assistance rates will be adjusted twice next year. There will be an increase in April under PAIP for inflation and another in July to implement real improvements brought about by the Comprehensive Social Security Assistance Scheme on top of the April adjustment.

Absence rule

At present, recipients of Old Age Allowance and Disability Allowance are permitted to continue receiving the allowance, whilst they are absent from Hong Kong up to 119 days. Recipients of Public Assistance are permitted to receive Public Assistance while they are absent from Hong Kong for not more than 45 days. We propose to relax the absence from Hong Kong rule to 180 days for Old Age Allowance and Disability Allowance recipients and elderly and disabled Public Assistance recipients. For able-bodied Public Assistance recipients, we propose to relax the absence rule up to 60 days only.

There have been calls to permit Old Age Allowance and Disability Allowance recipients to live permanently in China or elsewhere, and to continue to receive the allowance. It is claimed that such a total relaxation will save

money from the public purse. Nothing can be farther from the truth. Old Age Allowance and the Disability Allowance are both non-contributory and are not pension schemes. The Disability Allowance and the Old Age Allowance for those aged 70 and above are also non-means-tested. Furthermore, the residence criterion for eligibility for Old Age Allowance is five years prior to application and that for Disability Allowance is one year. So long as these requirements are fulfilled, these allowances are granted upon application.

The Old Age Allowance and Disability Allowance are meant for persons ordinarily resident in Hong Kong and not Hong Kong people who reside permanently outside of Hong Kong. It is reasonable to expect a person ordinarily resident in Hong Kong to spend at least half of the year in Hong Kong. We are thus relaxing the absence rule to 180 days. This is a rational cut-off point. If we are to abolish the absence rule completely, any person who fulfils the eligibility criteria would receive the allowance for the rest of his life, even if he were settled permanently elsewhere. This would be an open-ended commitment and open at both ends, that is to say both in terms of the number of future applications and the duration of individual payment. This would be a tremendous burden on those who remain in Hong Kong. It is a fallacy to say that completely relaxing the absence rule would not cost much. In fact, based on the current number of people eligible for the Old Age Allowance alone, it would cost at least an additional \$300 million a year at 1992-93 prices based on present qualifying residence requirements. I think it is neither fair nor proper to place such a burden on our taxpayers.

Youth services

As regards services for youth, the real growth in the provision for youth services will be 10% next year from the present \$477 million to \$527 million in 1993-94. There will be 18 additional school social workers and four additional outreaching social work teams in 1993-94 alone. The White Paper target of one school social worker to 2 000 students will be achieved by 1995-96 and the full White Paper target of 30 outreaching social work teams will be achieved by 1994-95.

Some Honourable Members have advocated further improvements to the manning ratio for school social workers. Others have rightly pointed out that we need a holistic approach to youth services. We should avoid a fragmented approach in service delivery. Teachers, social workers and parents should work together. We will explore ways to enable school social workers to function as part of the school team. I am pleased to report that this process has already begun.

Rehabilitation

Turning now to rehabilitation, I share Honourable Members' aspiration that Hong Kong can play a leadership role in meeting the twin goals of equal opportunities and full participation for disabled persons, as laid down in the

Green Paper on Rehabilitation. It is indeed for this very purpose that we have undertaken to meet targets in day and residential services for persons with disabilities by 1996-97, ahead of time, certainly well before the 10 years as envisaged in the Green Paper on Rehabilitation.

Additionally, we will also put in place a number of essential improvement measures. These include, for example, the expansion of scheduled Rehabus routes, after-care service for former mental patients, additional integrated programme units for disabled children, and additional resource teachers for autistic children.

The proposed expenditure on social rehabilitation alone will increase from 1992-93 revised Estimates of \$483 million to \$836 million in 1996-97, representing an increase in real terms of 73%. The targets are formidable, but manageable. The programme is ambitious, but achievable. The growth is substantial, but absolutely necessary.

In our determination to further develop such services, we must also ensure that we do so in a cost effective manner. In this context, the Labour Department's Selective Placement Division has been reorganized to enhance efficiency in employment services for persons with disabilities. A new Publicity and Promotion Unit has also been set up to strengthen publicity in this area.

Institutional care answers the call from many disabled persons and their families. However, our long-term goal is still to provide rehabilitative care at home so as to achieve full integration. Success in this direction depends to a great extent on the support of parents, volunteers and the community as a whole. We must work together towards a common goal. Rehabilitation is not just a concept, it is a culture.

In close partnership with the Government, non-governmental organizations provide the bulk of services. Their enterprising spirit, their zeal and their commitment has helped us in fulfilling our vision over the years. I look to them for continuing support.

HOSPITAL AND HEALTH SERVICES

Funding for health

This year we are spending \$12.5 billion on hospital and health services. Building on this large base, the increase of 22% in real terms over the next four years represents a significant growth in expenditure. In dollar terms, this will bring our health expenditure up to an estimated \$15.3 billion by 1997.

The key to quality and efficiency is our ability to make optimal use of our resources. We have a duty to our community to be accountable, to be prudent, to be efficient and to be cost-effective: this, at the same time as we continue to improve quality of service.

Nurses for Service

As regards the important subject of the supply of nurses, the situation on the ground is:

- (a) We have no problem in recruiting and retaining nurses for the health services.
- (b) The wastage rate of nurses for hospitals, previously at over 13%, is now reduced to 10%.
- (c) There has been up to now a steady pattern of Hong Kong nurses returning from overseas.

The many measures we have been taking in recent years to help recruit and retain more nurses are beginning to show encouraging results. We should not and will not rest on these results. We will further redefine and realign their duties and take all necessary steps to ensure that we do not have a shortage of nursing.

Now a word on the commissioning of hospitals. Hospitals are major projects designed to cater to long-term demands. The commissioning of major hospitals is by nature a complex process, requiring a steady build-up of systems for patient and general management, experience and expertise in operation. The Hospital Authority is confident that it will be able to bring into operation all the 950 hospital beds coming on stream next year.

Improvement to hospital management

The Hospital Authority has been given not only a generous grant to run services, but also a specific mandate in flexibility to enhance efficiency and to make the hospital system more cost-effective and more responsive to the needs of our community.

Better patient care calls for good management. Hospital Authority operation is a complex undertaking. We are involving 38 institutions and some 38 000 staff. The enormity of this challenge is unprecedented.

Just 10 months after taking over, the Authority is already showing results. For example, camp beds have been eliminated from two of our major hospitals ahead of schedule. It is networking services to eliminate duplication. It is setting up a patient-relations system to respond better to patient needs. It is redeveloping and redeploying resources to enhance the level and quality of hospital services.

Health of the community

The thrust of our new initiatives in enhancing community health focuses on health promotion and disease prevention. Our goal is to secure continuing improvement in the general health of our community by adding years to life and life to years. We will therefore pay particular attention to the vulnerable and to those with special needs : including children, elderly persons, women in menopausal prime and people with physical and mental disabilities.

In partnership with the community

Good health is not just the business of Government. Our health care professionals in the private sector have an important role to play, so too the community and the individual. We have introduced the District Health System to develop closer interface between public and private service providers to encourage public participation. We are exploring various approaches for fostering closer relationship with the community in a joint effort to promote better health for all.

Policy development

A number of Honourable Members have asked for a review of our medical policy. We have been doing precisely that.

We have introduced major hospital reforms. We have reviewed our primary health care system. We have established the Academy of Medicine. We are now in the throes of preparing a Green Paper on options for our future fees and waiver strategy. Our aim is for better patient care : to achieve higher quality of service, to effect better cost-containment and to provide greater choice and comfort for our patients. All these endeavours are undertaken against the background of our time-honoured policy that no person should be prevented, through lack of means, from obtaining adequate medical treatment. This is our policy: this remains our pledge.

Mr Deputy President, we have clearly defined targets. We will have secure source of funding. Deliver we must. Deliver we will. Thank you.

SECRETARY FOR RECREATION AND CULTURE: Mr Deputy President, some Members have wondered whether the absence of any mention of our cultural policy in the Governor's address signifies a lack of commitment by the Government to promote culture in Hong Kong. Let me assure them that this is definitely not the case. The Governemnt is fully committed to promoting culture and in making Hong Kong a cultural centre of Asia. The record of the past decade clearly speaks for itself.

Our policy in developing culture and the arts manifests itself in two aspects. First, we provide the necessary infrastructure for the arts to develop. In the last ten years or so we have seen the completion of first class performing venues as well as exhibition facilities in the Cultural Centre, the Museum of Art and the Visual Arts Centre. These are in addition to numerous town halls, civic centres and other public performance and exhibition venues spread over the Territory. As a result, we now have a cultural venue within easy reach of every district.

Secondly, we aim to forge a social environment that is conducive to the flourishing of the arts. In this regard, our policy is to build up a partnership between the Government, the two Municipal Councils, the community at large and the various artistic groups. The Government's role here is to be the catalyst, promoting and nurturing new performing groups and art forms, leaving their development and growth to the Municipal Councils, the corporate and individual patrons and sponsors and the artists themselves.

This policy has worked well, and in the past 10 years we have seen Hong Kong's cultural scene blossoming out in a most colourful and diverse manner. We now have our own Academy for the Performing Arts which has in this academic year obtained accreditation to award degrees to our young performing student artists. We have two professional orchestras of international standing, namely the Hong Kong Philharmonic Orchestra and the Hong Kong Chinese Orchestra, as well as a number of semi-professional orchestras such as the Hong Kong Sinfonietta. We have three dance companies of professional standards, including the Hong Kong Ballet, the Hong Kong Dance Company and the City Contemporary Dance Company in addition to a number of modern and experimental dance troupes. In drama, we have the Chung Ying Theatre, the Hong Kong Repertory Theatre, the Exploration Theatre as well as many other semi-professional and amateur drama groups.

Hong Kong is also host to a wide variety of arts festivals, including the annual Hong Kong Arts Festival, the bi-annual Asian Arts Festival, the annual International Film Festivals, the Hong Kong Festival Fringe, the International Children's Arts Festival, and many others. In addition, many world class performers and performing troupes from overseas are being staged throughout the year.

It can thus be seen that Hong Kong is no longer a "cultural desert". Indeed, it has become the cultural centre of Asia, blending and offering the best of East/West culture. This achievement is highly remarkable by any standard and it clearly demonstrates the Government's determination and commitment to nurture, promote and develop culture and the arts in Hong Kong.

Against this background, let me address the specific issues raised by some Members.

First, there has been concern that inadequate funding by the Government may stifle the future development and growth of the performing arts in Hong Kong. It is true that government funds allocated to the Council for the Performing Arts (CFPA) have been frozen at \$35.14 million in the last two years. But this follows a period of rapid growth. In 1985-86, the CFPA was only allocated \$15 million. This was increased to \$35.14 million in 1990-91, an increase of over 230% in five years, and this was in spite of the Urban Council taking over the funding of the Hong Kong Philharmonic Orchestra from the CFPA in 1989, thus releasing some \$10 million from CFPA's funds to finance new activities. The freeze in funding in the last two years is not, therefore, meant to deter growth, but rather to enable the CFPA to consolidate its position. In any case, this has not signified a lack of progress, as additional support for the arts have been forthcoming from other sources.

The two Municipal Councils have continued to give strong support to the arts. In 1990-91, they have, between them, spent \$430 million on the presentation of arts programmes and financial support for the various professional, semi-professional and amateur performing groups. This was raised to \$509 million in 1991-92 and further increased to \$539 million in 1992-93. Although these figures included the cost of staff employed by the two councils in running these programmes and managing the venues, they are highly impressive by any standard. In addition, corporate and individual sponsorship of the arts has increased significantly in the last two years. The CFPA, by launching the Matching Grant Scheme to help new and budding performing groups, has succeeded in attracting over \$3.86 million worth of sponsorship for these groups in the last two years. All these are in line with our policy to develop a constructive partnership between the Government, the Municipal Councils and the community to promote culture and the arts in Hong Kong.

This partnership has worked well to help us maintain the momentum of developing culture and the arts even in times of limited government funding. I would like to record my appreciation to the two Municipal Councils and the CFPA for their contributions and their highly imaginative approach in keeping this momentum going. I agree that we could do with more funding to the CFPA to help nurture new and budding groups. I shall try my best to obtain a modest increase in the funds to be allocated to the CFPA next financial year. However, I would like to caution against too heavy a reliance on government funding for the arts. After all, government funding inevitably have strings attached and, as such, they may not be entirely welcomed. We should strike a balance to ensure that free artistic expression does not suffer.

This brings me to the issue of freedom of artistic creation and expression raised by some Members. The Government fully treasures the freedom of artistic creation and expression. This is clearly provided for in Article 16 of the Hong Kong Bill of Rights. Admittedly, some anachronistic laws still exist which, if applied rigorously, would infringe on such freedom. These are found in the Places of Public Entertainment Ordinance and the Film Censorship Ordinance. I am happy to say that these laws have been applied most sparingly

and only when they are justified in the public interest. We are, however, reviewing these laws with a view to proposing amendments to this Council as soon as possible to remove any anachronism.

However, some restrictions are necessary to safeguard public decency and morality and to protect national security and public order. Such restrictions will have to remain although we shall have to ensure that they are compatible with the Hong Kong Bill of Rights.

I would now like to say a few words on the Arts Policy Review which my Branch is presently conducting within Government. Although I have mentioned earlier that our existing policy is working well, I feel that after a period of very rapid development, we should take stock of the situation, review the present policy and see if it could be further refined. At the same time, I would like to take a critical look at the role of the CFPA to see if it is advisable to remodel it into an Arts Council or an Arts Development Board. This review is an internal exercise done in conjunction with the Education and Urban and Regional Services Departments and in consultation with the CFPA. In the course of our work, we have informally sought the views of many individuals and groups in the cultural and arts field and have taken account of comments passed to us by a number of interested groups, such as the Arts Administrators' Association. The review is still in progress and no conclusion has been reached yet. Once we have completed our review and a draft document drawn up, we shall be consulting interested groups in the arts community, in particular the two Municipal Councils, the CFPA, and others. I shall certainly ensure that our arts policy will evolve with suitable input from the arts community and all those involved in promoting and developing culture and the arts in Hong Kong.

Finally, Mr Deputy President, I would like to say a few words on the promotion of Hong Kong's cultural image overseas. Cultural activities often form part of Hong Kong's overseas promotion. The most recent such exercise is Festival Hong Kong '92 in Canada which has just drawn to a close. This Festival, which was the largest overseas promotion ever staged by Hong Kong, had taken place in a number of major cities in Canada throughout October. It was a multi-faceted Festival and included trade, economic, educational, sports and social activities as well as cultural and artistic performances and exhibitions. A total of seven performing troupes, covering dance, drama, music, with a contingent of some 300 performers and artists took part. In addition, there were exhibitions of paintings, photographs, traditional arts and crafts as well as films.

I have just returned from Canada last weekend, after spending a month taking this Festival from Toronto to Calgary, from Montreal to Ottawa and from Vancouver to Winnipeg. I am happy to report that this Festival had been a great success. In particular, our cultural activities had thoroughly enthralled the Canadians and had met with warm and enthusiastic reception wherever they appeared. Many Members of this Council were in Canada in the past few weeks to take part in this Festival and I am sure they will agree with me that our

performers and artists had done Hong Kong proud. I would like to record my appreciation to our artists for projecting such an excellent image of Hong Kong's culture abroad. We in the Government will certainly continue to do our best to project and improve on that image.

Thank you, Mr Deputy President.

SECRETARY FOR SECURITY: Mr Deputy President,

Introduction

I intend to respond to the points raised by Members on law and order and to explain the initiatives we are taking in the fight against crime generally, including the legislation which we intend to bring forward this Session.

Vietnamese migrants

But first I should like to say a few words about Vietnamese migrants. As Mr Martin BARROW has pointed out, after many years in which this subject has not failed to feature prominently in speeches on the Motion of Thanks for the Governor's address, its absence this year is worthy of note. I view this development with some relief, and also as evidence of the success of our agreement and our co-operation with Vietnam over the repatriation of non-refugees. A year ago the Vietnamese population in our camps stood at over 64 000; today it is some 48 000. Although we have a long way to go to resolve the problem, I believe that we should be able to sustain in future at least the same steady reduction in population that we have seen over the past 12 months.

Crime

We have seen a significant improvement in the crime figures so far this year. Crime generally has decreased by 6%, when compared with the same period last year; and violent crime by 5%. There has been an 18% drop in the number of armed robberies. Several factors have contributed to this improvement: increased police deployment on the streets, increased co-operation with China to tackle the problem of cross-border crime, and changes in our legislation in response to changes in the pattern and nature of crime. We need and intend to make further improvements in all these areas in the coming year, because the trends are by no means universally good; there are still a number of worrying areas, for example crime by juveniles and young persons, car theft and smuggling.

Juvenile crime

Some Members have expressed concern at the extent of juvenile crime. The juvenile offender rate in fact decreased by 8% in the first three quarters of 1992, when compared with the same period last year. But what is worrying is

that youngsters are becoming involved in more serious offences, such as burglaries, robberies and unlawful society offences. The Fight Crime Committee has examined recently the problem of triads in schools. Although we believe there is no organized triad campaign to enter schools to recruit students, some schools do suffer from triad and other gang activities. To tackle this problem, the police will maintain a presence around schools during school hours, and steps are also being taken to reinforce and co-ordinate better support given by a number of departments to schools with triad and gang problems.

Police force

Police recruitment has picked up greatly since the measures announced in May this year to improve the recruitment and retention of Junior Police Officers. The Police Force has also been able to civilianize a number of non-operational posts and to transfer certain non-constabulary duties to other departments. I can also now confidently predict the closure of the Sek Kong Detention Centre in the next few months, and the consequent transfer of police manpower from Vietnamese camp duties back to normal police work. The net effect of all these measures will be a continuing increase over the coming months in the number of police officers deployed on the streets.

We have not lost sight of the need to equip the Force with modern technology to strengthen its capability and effectiveness in the fight against crime, and to counter the increasingly sophisticated methods of criminals. I believe that the Royal Hong Kong Police Force is one of the best equipped police forces in the world. Examples of recent enhancements in modern technology and equipment include the Criminal Intelligence Computer System to gather and analyse intelligence, and the Computer Assisted Fingerprint Identification System. The Force is at present finalizing proposals for further computerization of its crime investigation and administrative and support systems. These should result in savings in manpower, improved operational efficiency, and a better service to the public. The proposals will be submitted to the Finance Committee in the next few months.

We have also recently embarked on a review of the establishment and manpower of the Police Force, in order to achieve improvements in productivity and to equip the Force with the right management structure to meet the demands and challenges of the future. The emphasis will be to ensure that resources are managed in the most efficient way, and deployed to meet areas of priority need. I expect that the result of this review, and the further introduction of technology to which I have just referred, will be to strengthen manpower on front-line operational duties.

Complaints against police

I have noted the suggestion made by one or two Members that complaints against the police should be dealt with by an independent body. I believe we already have an effective independent system of monitoring such complaints.

All complaint cases are subject to a thorough and rigorous review by the Police Complaints Committee. The Committee is an independent body, appointed by and responsible to the Governor. Its membership consists of two Members of this Council, a number of Justices of the Peace, the Attorney General and the Commissioner for Administrative Complaints. The Committee, assisted by a full-time secretariat, examines each and every complaint in a thorough and impartial way. No case is finalized unless and until the Committee is satisfied that the result is fair and reasonable. In the three years from 1989 to 1991, as a result of complaint investigations, 17 police officers were prosecuted, 106 were summoned before disciplinary tribunals and 320 were subject to other internal disciplinary action. These figures indicate that our present investigation and monitoring arrangements are effective.

Smuggling

I have referred earlier to the general reduction in the level of crime this year. But areas of continuing concern include smuggling offences, and the related problem of car theft, where we have seen substantial increases. We are determined to reverse this trend, and we have a number of proposals for doing so. First, we need certain changes to our legislation. The present scale of the problem and the blatant flouting of the law call for increased penalties. The present maximum penalties for the main smuggling offences are a fine of \$500,000 and imprisonment for two years on summary conviction. I will be proposing that these offences be made triable on indictment, with penalties increased to a maximum fine of \$2 million and seven years' imprisonment. I shall also be proposing further controls on the operation and design of "Chung Fei" speedboats, along the lines of the controls which we introduced last year on "Tai Feis", and which effectively reduced their number and their operation in Hong Kong. I intend also to bring forward legislation to increase the maximum penalty for the offence of taking a conveyance without authority from three years to seven years imprisonment. I believe we clearly need to provide a greater deterrent against car theft.

New legislative measures are an important part of our fight against smuggling, but they are not our only weapon. Vigorous enforcement action is also required, together with effective cross-border co-operation. Hong Kong and China have a common interest in this problem. There has gradually developed good co-operation between the two sides in the past year, not only against smuggling but against cross-border crime generally. But there is scope for expanding this co-operation, and the police are discussing with their Chinese counterparts the mounting of further co-ordinated operations. The new controls on right-hand drive cars which China announced earlier this month are an encouraging sign of co-operation, and I hope that these will help to reduce the very serious problem of car theft which we now face.

Illegal immigration

Compared to violent and organized crime, illegal immigration may seem a minor problem, but it remains a serious threat to Hong Kong. If we allowed in all those who would like to live here, we would be overwhelmed. We would put at risk all the benefits of economic growth that Hong Kong people have earned for themselves, and the improvements which will stem from the ambitious plans for the future which the Governor outlined in his policy address.

We are seeking the co-operation of workers and employers' organizations to tackle this problem better. We are also discussing with the construction industry measures to improve the management and security of construction sites, so as to make it more difficult for illegal immigrants to work there. We are also working on improved publicity, to explain to would-be illegal immigrants in China the risks and penalties they face if they try to enter Hong Kong. We believe that we need to get to the root of the problem by making it not worthwhile for employers to risk employing illegal immigrants, or for illegal immigrants to seek employment here. Our enforcement efforts, which I am sure have the support of the community as a whole, will be directed towards this aim.

Capital punishment

Finally, Mr Deputy President, I should like to inform Members that the Executive Council has now approved draft legislation to abolish capital punishment and replace it with a sentence of life imprisonment. The legislation will be published this Friday, and introduced into this Council next month.

Thank you, Mr Deputy President.

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President, on the equivalent occasion last year I spoke, perhaps a little perversely since very few Members had even mentioned the Civil Service, of the importance of our public service in these times of change. At least in this year's debate, although other issues have dominated, a number of civil service matters were mentioned by Members, and I am happy to have this opportunity of responding.

Not surprisingly, some of the points raised related to civil servants and the transition. I say "not surprisingly", since it must be clear to all that civil servants have a crucial role to play in ensuring stability and continuity as we look to 1997 and beyond. As the Governor put it in his address, "The professionalism, integrity and commitment of the Civil Service will be vital" for the continued success and stability of Hong Kong.

Localization

In this context, one of the keys is the pace of localization, referred to by several Members. We have a long standing policy of localization in the Hong Kong Civil Service, under which qualified local candidates are given preference for civil service appointments; and the fruits of that policy can now be seen at all levels. A number of departments are completely localized; in the directorate overall, 63% of posts are filled by local officers; while over half Head of Department and Secretary posts are filled by local officers. And of course this trend will continue, at a proper pace. Given these statistics and the steady effect of our localization policy, I am confident that sufficient and talented local officers exist to fill those posts specified in the Basic Law. We will have qualified local officers who can meet the nationality and right of abode provisions in place in good time — that is well before 1997 — so as to ensure continuity and a smooth transition in the most senior ranks of our Civil Service. In management terms, this will involve ensuring that we have a reservoir of local talent at senior levels upon which to draw in future to fill posts at the Principal Official level.

Principal Officials

At this point perhaps I could attempt to clarify the inevitable confusion that has crept in over which posts are covered by Basic Law references to Principal Officials. I do this because it is all too easy to slip into the habit, a dangerous one I believe, of referring to, say, Deputy posts as if they were the same as present day Deputy Secretary posts in a Secretariat Branch. The Basic Law is a law of China; it is natural that the nomenclature used is one which Mainland colleagues would be familiar with. But we have to take care when we translate to the equivalent posts in the Hong Kong Civil Service. For instance, when the Basic Law refers to Secretaries and Deputy Secretaries of Departments, it is talking specifically about the three most senior posts in our system — Chief Secretary, Financial Secretary and Attorney General together with their deputies, if any. Likewise what the Basic Law calls Directors of Bureaux are in fact our Policy Secretaries: their deputies are not caught in the list of posts with a nationality qualification. I make the point as I say in part to clear away confusion; in part to emphasize the relatively small number of posts which are subject to the restrictions stipulated in the Basic Law. If the relevant Basic Law provision were in force today, on a strict interpretation the restriction would probably only affect 22 posts.

I should add what I hope is fully recognized by all: namely that, notwithstanding our localization policy, cosmopolitan Hong Kong will continue to need overseas officers, particularly for professional and specialist expertise which is not available locally, for some years to come. Where overseas officers on permanent and pensionable terms are required to retire for localization reasons or to make way for local officers qualified under the Basic Law provisions, they will be compensated under our Limited Compensation Scheme.

Some Members expressed particular concern about the situation in the Legal Department. In order to advance localization here and ensure a steady supply of qualified local officers for senior posts in future, special measures have been introduced. The so-called "double ladder" scheme will give local non-directorate officers advanced promotion and better career prospects; whilst the Development Posts Scheme will facilitate the localization of the directorate by providing local Senior Crown Counsel with management training and career exposure opportunities to enhance their promotion prospects.

Performance pledges and quality of service

Our Civil Service is, in the Governor's words, "talented and committed" — and, I would like to think, amongst the most efficient. But there is always more that can be done; and, as public servants, we should be constantly endeavouring to improve. I was pleased to note that a number of Members expressed support for our initiative in adopting Performance Pledges, and in further developing a client-based culture for our public services. I am also encouraged by the response from the Civil Service itself: our managers have responded with enthusiasm and vigour, and staff unions, albeit with more caution, have also indicated support for the principle and spirit of our proposals.

Over the years, the Hong Kong Civil Service has proved its capacity to meet changing needs. To those who are sceptical that civil servants can ever initiate change or improve efficiency, I need only point to a few examples. Our immigration check for the average 3-star ID cardholder now takes literally seconds; our responses to calls for emergency services in normal conditions take only a few minutes; our postal service must rank among the best in the world.

We have all seen how much our Civil Service has introduced change over the years to cope with the growing aspirations of this vibrant community. Perhaps we ought to have been less modest in the past. Had we chosen to publish our service standards some years ago, many of our recent improvements would have been that much more apparent.

The present scheme is a natural step in the continuing process of bringing about improvements to our service to the public. It brings into the open the internal management standards that most departments have already set to monitor their own output; it introduces more efficient means for the public to monitor performance; and it aims in the process to bring about further improvement in our department-client relationship.

We are determined to make this scheme a permanent feature of the public service. I do not underestimate the effort that will be needed to make it a success. The Government is a huge organization. A tremendous amount of planning, co-ordination, discussion, communication and in certain cases persuasion, will need to be done. We also need time to prepare staff, to get the mechanisms in place, to review public forms and documents, and to implement

physical improvements to service areas. We shall therefore adopt a steady pace and implement the exercise in phases. All departments providing services to the public should have been subject to the reforms we have announced in about two years.

I recognize that a wide range of public service in Hong Kong is provided through statutory authorities. We shall liaise with these authorities with a view to ensuring that those parts of the public service under their scrutiny also adopt the same principles and practices as far as practicable. In fact, a number have already either implemented or are in the process of preparing for similar pledges.

I agree with Members that it is important that our staff, in particular our frontline colleagues, are properly trained and motivated to meet the new challenges and public expectations. To feel that they have an active and positive role to play in the exercise is an important part of the motivation. Civil servants have proved that they are not afraid of change. What they cavil at, understandably, is change for change's sake, change without a demonstrated purpose, or change imposed without their active participation.

We have been speaking to staff unions to explain our proposals. We have listened attentively to their views and comments. We have assured them that departmental management will see to it that service staff, from middle management to frontline, will be fully involved in formulating improvement measures. We have also pointed out to them that, by adopting open service standards, by facilitating on-the-spot communication with clients, and by improving their service environment, staff themselves stand to benefit.

Civil service pay

Two Members commented on the methodology for the annual civil service pay adjustment which, in their view, gives civil servants an edge over the private sector. This, in turn, is considered to have a negative effect on the economy.

In response, I wish to make two brief points. First, while the annual civil service pay adjustment may serve as a reference for some employers, the ultimate determinants of private sector pay are supply and demand in the labour market. There is no direct causal relationship between the annual pay adjustment for civil servants and inflation as such, but there is clearly a psychological effect.

Secondly, it is misleading to compare the civil service pay adjustment with only the general increase for private sector employees whilst excluding merit pay. The fact of the matter is that civil service salaries are not directly related to performance, whereas merit pay is increasingly given more weight and accounts for a larger share of the annual pay adjustment in the private sector. Overall, however, civil service pay adjustments, including both general increase

and annual increment, are comparable to the general increase plus merit pay in the private sector, even though individually some civil servants may be better off and others may lose out under the present methodology. Incidentally, in 1992, junior civil servants were given a bigger pay increase than the pay trend indicators mainly to keep up with inflation, and to recognize the fact that civil service salary adjustments in the two previous years had been below the pay trend indicators. This was a one-off and exceptional arrangement which should not be regarded as the norm.

Civil service pensions

Two Members referred to funding arrangements for civil service pensions. A reaffirmation of our current policy might be helpful. Civil service pensions are, as in many other administrations, paid from General Revenue. They are a statutory right and a statutory charge on the General Revenue. From a legal point of view, this provides full and proper security. Estimated pensions expenditure for the next 12 years is between 4% to 5% of the Government's annual operating expenditure. The Joint Declaration and the Basic Law both contain specific assurances about the future payment of pensions. I should emphasize therefore that in our view pensions are secure. We have nevertheless in response to staff requests undertaken a study of possible additional safeguard measures for the future. Several options have been examined including the option of a provident fund scheme for future service. We shall be looking further at this particular idea in the context of territory-wide compulsory private sector retirement schemes.

Mr Deputy President, any Member of this Council or any member of the wider public who has travelled outside Hong Kong will surely recognize that Hong Kong enjoys the benefits of a dedicated, efficient and loyal civil service. But I hope we do not take our Civil Service for granted. As I said last year, the men and women of our Civil Service need to feel that they are appreciated, and that their role and contribution are recognized. I make no apology for repeating that important point today.

The one constant thing about Hong Kong is that it is always changing. Yet amidst all the change, we still demand the best of our civil servants, and expect them to deliver as they always have. The public quite rightly looks to civil servants for more efficient and better quality of service; and demands integrity and commitment from them, perhaps especially at this time of change. I for one have no doubt, as I visit departments, listen to staff, talk to management, exchange views in the Central Staff Councils, that my colleagues will deliver and will continue to respond to the challenges that lie ahead, if they can count on the recognition and support of the community and this Council.

Thank you, Mr Deputy President.

SECRETARY FOR HOME AFFAIRS: Mr Deputy President, several Members have spoken about the development of the District Administration Scheme and the proposals set out in the Governor's speech relating to the District Boards. These proposals must be seen against the background of a gradual evolution of the Scheme as a whole, and the District Boards in particular.

In 1977, when the District Advisory Committees were first established, all members were appointed by the Governor. The Committees met under the chairmanship of the District Officer. In 1982, when the District Boards came into being one-third of members were elected to the Board. In 1985, the District Officers stepped down as Chairmen and were replaced by Chairmen elected from among the members of the Board. The proportion of elected members to appointed members rose to two-thirds elected and one-third appointed. This has remained unchanged until the present. We have now reached the point where the next stage in the evolution of the District Administration Scheme has to be considered in the context of the overall political development of Hong Kong.

DB role and functions

The Governor has outlined a number of measures which will strengthen the District Boards' participation in local affairs, taking full advantage of their detailed knowledge and understanding to ensure that provision of local facilities are appropriate and that they are completed quickly and to the desired standards.

Let me give an example. In the congested environment of Hong Kong, many activities take place on the streets, each competing for the limited kerbside space that is available. Hawkers looking for space to do business, drivers seeking parking places, shopkeepers wishing to stack merchandise on their own frontages are tempted to help themselves to whatever space which comes their way. On top of all these, there are other legitimate demands for traffic circulation, pedestrian movement, amenity use and so on. The District Boards are better placed to arrive at a judgement on the best way to resolve these conflicting demands in the interests of their own community than is the central government.

To a large extent, District Boards are already involved in sorting out the street management problems in the sense that I have just described. It is our aim to increase the effectiveness and the capability of the District Boards in dealing with these and other local problems.

We will do so by first requiring government departments to become more sensitive and responsive to district needs. Departments will have to work closely with each other and the District Boards to work out comprehensive action plans to tackle district problems on a co-ordinated basis. Priorities and tactics will have to be agreed with the District Boards. Departments will become more accountable to the District Boards on the implementation of such action

plans. Regular reports will be submitted to the District Boards thereby allowing them to monitor progress closely. An example of the sort of local issues where there is active involvement of the District Boards has just been given by the Secretary for Transport.

We will also make more funds available to the District Boards to enable them to undertake more minor environmental improvement projects, local public works projects and community building activities. We are familiar with the brick and mortar projects, such as rain shelters, sitting-out areas, footpaths, and so on. Although there is clearly demand for more of such projects, I would like to see District Boards taking a greater interest in community building. This is an important area in which many district-based voluntary agencies are active. They are often hampered by the lack of adequate funds and so they fail to reach out to more residents in the districts. With more financial resource at their disposal, District Boards will be better able to help fund deserving community building activities such as civic education projects, community awareness schemes, voluntary services for the needy and celebrations of traditional festivals.

The Governor has said that the amount of funds available to District Boards will be increased substantially. Subject to the necessary approval, we aim to increase the funds available to the District Boards from \$51 million for this year to \$75 million in 1993-94, with a further increase in 1994-95 to \$100 million.

To further enhance the role of District Boards, they will assume responsibility for the management of community halls and centres. They will decide the best use to which such facilities should be put and they will form management committees to ensure that such halls and centres are managed properly. In addition to local boards and committees, such as School Liaison Committees and the Civic Education Committees, District Board Chairmen will also be consulted on appointments to District Fight Crime Committees and the Boards will themselves form not less than half of the members of these District Fight Crime Committees.

Appointed members

Many Members who have spoken on the subject expressed support for the proposal to abolish appointed membership on the District Boards. I would like to put on record the Government's recognition and deep appreciation of the important role played by appointed members in the development of the District Administration Scheme. They have freely given time, effort, and in some cases, considerable financial support to serve their community. We are indeed grateful to them for their important contribution in this regard. It should be apparent to all that the present proposal is in no way intended to belittle their work. It merely recognizes that the next step in the development of District Boards must be consistent with the overall trend towards a more representative political structure.

There has been some concern voiced over the replacement of the 140 appointed members on District Boards and its implications.

It is our intention that appointed seats will be replaced by elected seats as far as possible. The exact number will have to be worked out having regard to the circumstances of each district, in particular the population distribution. Consideration will also have to be given to the effect of these changes on the Boards themselves. Of most direct concern will be the need to ensure the Boards are able to function effectively, thus the size of each of the Boards and the number of seats will have to be carefully studied.

Our initial thinking is that the size of the constituencies, on the basis of single seat constituencies, should not be unduly small. We believe that constituencies each with a population of about 17 000 people are as low as we can go. This arrangement will return about 340 directly elected seats to all the District Boards, increasing the current number of directly elected seats of 274 by about 66 seats. We very much hope that the creation of additional constituencies will encourage some of the appointed District Board members to seek a further term of office in 1994 through contesting elections.

If we proceed with our plans, all the District Board electoral boundaries will have to be redrawn. This will be a matter for the Boundary and Election Commission when it is set up. However, I am concerned about the effect that this may have on the size of the District Boards. As the number of seats in any one District Board is determined by both the size of its population and the population criteria for each constituency, it should not take long to work out the number of seats and hence the number of members in each District Board. As the development of new towns has thinned out the urban population to the New Territories and as the old urban areas are redeveloped, the population balance between the districts, which reflected the situation in the 1980s is now very different. As a result, some Districts will have too few members while the opposite will be the case in other Districts.

We believe that the optimum size of a District Board for efficiency of operation is between 15 and 30 members. If this range is accepted, we will have to find some means to rationalize some of the present District Board boundaries. We will have to examine very carefully the various options open to us, such as merging of the smaller boards and the adjustment of district boundaries between neighbouring districts.

We have given consideration to these problems and have developed some ideas of our own which we will discuss with the District Boards. Over the next two months, I shall be meeting the 19 District Board Chairmen to explain to them the case for introducing changes to the present arrangements and the underlying principles to use in evaluating the comparative merits of the different options in order to achieve the best arrangement for the future. This will pave the way for 19 more meetings with individual District Boards when we will go into the detailed arrangements proposed for each of them. I will be

keen to hear from District Board members their views and suggestions for the above and also for enhancing the status, the influence and the effectiveness of the District Boards.

Ex-officio members

Ex-officio members of the New Territories District Boards act as an important link between the indigenous New Territories residents and the Government, as well as between the villagers and the new residents now living in the New Territories. Their numbers are small and they themselves are elected. Their retention on New Territories District Boards is consistent with the evolutionary nature of our proposals. Nevertheless, their membership on District Boards will be subject to review in due course.

Youth services

The well-being of our young people is important for Hong Kong. For this reason a wide variety of programmes are available to help our youth to develop into mature, responsible citizens. Young people receive nine years of free education which allows them to acquire the basic knowledge and skills necessary to succeed in the modern world. Many go on to further and higher education in our colleges and universities. They can participate in an increasing range of cultural and recreational activities organized by the Municipal Councils, the Music Office and other agencies in their spare time. The Government also gives subvention to children and youth centres which serve as a focal point for activity programmes for promoting the personal growth and social development of our young people. For those unable to participate actively in society, and those with special needs, social welfare programmes are available to provide guidance and advice as well as supportive counselling.

The Government is also working hard to encourage our young people to take an interest in their community and to participate actively in society. Many of our civic education and community involvement programmes are specifically targeted at them. There are also many opportunities available for youngsters to take up voluntary work on behalf of a wide range of charitable and other causes.

Charter for Youth

Finally, the Commission on Youth is about to finalize its Charter for Youth. The Charter will contain principles and ideals for youth development, which will be a great value to those responsible for reviewing and formulating youth services. The Commission expects to submit the Charter to the Government in the near future. I look forward to receiving this very important document which will provide clear guidance for all involved in the future development of our young people.

Thank you.

CHIEF SECRETARY: Mr Deputy President, may I firstly thank Members for their stimulating and thoughtful speeches. It is not surprising that the Governor's historic address has prompted lively debate in this Council and indeed in the community. I think Members will have noticed that this afternoon more of us spoke and we spoke for a longer period of time. That was in response to Members' criticism last year that we did not do justice to Members' speeches in this debate. I hope that with our more comprehensive contribution we have addressed most of the points raised by Members.

So it now falls upon me to wind up on behalf of the Government, to pick up the pieces, so to speak.

I would like to deal firstly, and briefly, with two subjects raised by Members, the freedom of information and the role of the Judiciary. I will then go on to reply at somewhat more length on the subject of constitutional development proposals.

Firstly, on freedom of information.

Some Members have again put the case for a Freedom of Information Ordinance and in response to their concerns and indeed others which we have heard in the community, we are looking again at what might be done to improve public access to official information and to reinforce press freedoms. While we are reviewing these matters with an open mind, I must say we remain somewhat sceptical about the value of general declaratory freedom of information legislation. I am glad to say that we are making good progress in the review. I hope to be able to seek the advice of the Executive Council soon on specific measures to enhance public access to official information and on proposals to amend laws which might be a threat to the freedom of the press.

I would like to turn now to the judicial system. I must start by saying I could not agree more with Members who have spoken on the judicial system and with their view that the maintenance of a strong and independent Judiciary is one of the best guarantees of our freedoms, stability and prosperity beyond 1997. To achieve this, we need not only to strengthen the administration of the Judiciary, but also obviously to attract lawyers of the highest ability and integrity to the bench. Steady progress is being made to recruit local lawyers to the Judiciary as magistrates but the situation is much less satisfactory in the District Court and in the Supreme Court. I am afraid there is no easy solution to this problem and we need to explore various measures to speed up the pace of localization at these levels and this we will do.

I have noted the renewed calls from a couple of Members for an independent authority to be established to administer legal aid. We are looking again at this proposal in the context of our current inter-departmental review of the law, policy, practice and procedure governing the provision of legal aid. Good progress is being made and I hope the review will be completed by early

next year. At that stage the views of the public will be sought after the working group has finalized its recommendations.

May I turn now to the subject given most attention during this debate, that is the question of constitutional development. That emphasis reflects not only the importance attached to it by Honourable Members, but by the community at large. But before commenting on the proposals put forward by the Governor on constitutional development in his policy address, I would like to deal with some of the background issues, which were also touched on by Members.

First, relations with China. Let me start by saying that the desirability of maintaining a good relationship with China is well recognized by this Administration. It has always been a major factor in our policy making. It is even more important now as we move towards 1997 when China will resume sovereignty over Hong Kong. Hong Kong people, whose future can be influenced greatly by China, of course recognize the importance of that relationship and they share our concern when the relationship is under strain.

But Hong Kong's relationship with China is not a free-standing entity of its own. It is not a bench-mark against which our actions alone must be judged. The relationship is itself a product of actions and decisions taken by both sides. There will be times when it is under strain because one side or the other takes decisions which are in its own best interests but are not welcomed by the other. It surely follows that the furtherance of a good relationship does not necessarily mean that both sides can agree on all issues at all times.

Against this background, what should be our guiding principle in dealing with matters which are of great importance to Hong Kong on the one hand and yet may affect our relationship with China on the other? Surely our guiding principle must be to do what we believe to be right in the overall — and I stress the word overall — interest of the people of Hong Kong. That in turn will involve taking into account the opinions of this community expressed in a number of ways; through the extensive network of formal and informal contacts with the community, through views expressed in this Council, in the media, through opinion polls, and so on. And, of course, in coming to decisions we must take into account the impact of those decisions upon our friends across the border.

That indeed is the way we have operated in the past. It has led to some difficult decisions over such issues as the Bill of Rights and the British Nationality Scheme where the Chinese Government resolutely opposed what we were doing. But, I repeat, our decisions should be judged by whether they are in the best overall interest of the people of Hong Kong.

That principle also applies to the proposals for the development of the political system put forward by the Governor in his annual address. It remains our wish to reach an understanding with the Chinese Government on this issue as indeed with all others, and we will certainly be working hard to try to reach

such an agreement. We very much hope that if the Chinese side continues to object to our proposals they will put forward proposals of their own.

In formulating the constitutional package I hope one thing is clear: That it was no part of our strategy to stir up confrontation with China. Indeed, the principles and course we have adopted quite deliberately aims to avoid such confrontation. Had we been bent on such a confrontational course we might have taken the advice of people here and elsewhere and forged ahead with proposals which brought about a greater degree of democracy in Hong Kong on the one hand but were contrary to the Basic Law on the other. We did not pursue such a course. As the Governor has said many times, we designed our proposals to ensure that they clearly fell within the terms of the Basic Law and could provide continuity through 1997.

Let me turn now to the way in which these constitutional proposals were formulated because I believe there is a great deal of misunderstanding on this point. Let me make one point absolutely clear. These constitutional proposals are not, as has been described by some people, a blueprint for "a glorious British withdrawal from Hong Kong", they are not designed to "further the political career of our Governor"; they have not been "drawn up by the British Cabinet to ensure continuing British influence after 1997". Such suggestions are not only absurd but they seek in a rather cheap political way to denigrate the motives of an honest and straightforward Governor whose sole interest, as he has made very clear, is to do his very best for the people of Hong Kong.

So, how were the constitutional proposals formulated? They reflect the results of many hours of consultation which the Governor held with the people of this territory; they take account of the wishes and aspirations of people from different sectors of this community and from people and organizations holding different viewpoints, including of course Members of this Council. These proposals also represent the collective wisdom of this Administration. They were reached after many hours of discussion in the Government over many weeks, all of them involving senior members of this Administration including local senior officers whose long-term future lies in Hong Kong. They represent our best efforts to bring forward proposals on this vitally important subject taking account of all the views expressed to us.

There are those who think that the package has not gone far enough; there are others who think we have gone too far and fear we may be in danger of breaching the Basic Law. There are some who appear reluctant to comment on the proposals until the outcome of the consultation with the Chinese Government is complete. They seem content with the role of spectators. Let me try and deal with some of the concerns and worries expressed by Members in the course of this debate.

Some Members have suggested that the Administration should have consulted China first before announcing the package so as to ensure that whatever is announced will have Chinese support. I have heard similar views

from certain quarters in the community, but to hear it in this Council is frankly surprising.

Why? Because in the past this Administration has repeatedly been taken to task for engaging in so-called "secret diplomacy". Let me give a few examples. During the motion debate on the Court of Final Appeal last December, for example, Mrs Elsie TU said, and I quote, "It would be unfortunate if this Council were to be asked to pass a Bill which we have no power to discuss or amend, and on which there has been no public consultation. I would consider it improper for the Government to ask us to do so." And during the motion debate on the new airport in April 1991, Members spoke overwhelmingly in support of the public consultation. Mr TAM Yiu-chung, for example, had then asked for "the contents of the negotiation be published and Hong Kong people be allowed to air their views." And now when we make our constitutional proposals transparent and give the community real and ample opportunities to state their views, some people are criticizing us for it.

Over the past few days there has been some controversy over the question as to whether a "secret deal" was made between the British and Chinese Governments about the arrangements for the 1995 elections. As Members will no doubt be aware, the British Government has just released all the relevant exchanges between the two sides on this issue.

We still have some Members expressing the view that it is unfair to expect them to make the final decision on whether these constitutional proposals should go ahead. We have one Member who even believes that we should call in the United Nations.

Let me make once more the position of the Administration absolutely clear. It is of course up to the Governor with the advice of the Executive Council to decide what legislation will be laid before this Council. He will make that decision in the light of the outcome of the consultations with China taking into account all the views expressed here in Hong Kong including, of course, the views of Members of this Council. What is put into that draft legislation is a matter for the Government. That is what executive-led government is all about. But that decision having been made, that law having been drafted, and that draft law having been put to Members of this Council, nothing, I repeat nothing, can take away from Members of this Council their constitutional duty to take a view on the legislation which is put before them and to decide whether or not it should go forward. No Member of this Council, whether he or she be elected or appointed or indirectly elected, can shirk that responsibility. It would be a sad day indeed for the development of democratic institutions in Hong Kong if Members tried to opt out.

May I now address those Members who think the package has gone too far and is against the concept of gradual development. In doing so let us look at a few simple facts.

Let me take for example the Urban Council, incorporated in 1973 as a financially autonomous body. In that year, half of its members were elected. This proportion remained the same for 16 years until 1989 when it was increased to just under two-thirds elected members. Now, assuming the proposal to abolish the remaining one-third appointed seats is implemented, it will in fact not happen until three years from now, and the development from partial to fully elected membership will have taken nearly 20 years. Or take the case of the District Boards, referred to by the Secretary for Home Affairs, which under the proposed package will have taken 12 years from their inception to become fully elected bodies. Are Members really suggesting that the current proposals on the Municipal Councils or District Boards can be regarded as a headlong rush towards democracy?

And how does the proposal for the Election Committee go either too far or too fast? The proposal we have put forward is in accordance with the principles of democracy and openness described in the Basic Law. I find it very difficult to understand the criticism of it. It is, after all, a natural development of the arrangements which applied up until 1991 when 12 Members of this Council were elected by District Boards and the two Municipal Councils.

We have heard of some of the ideas emanating from the Chinese side on how the Election Committee should be formed. One of the most recent, reported in the media, suggested a 100 to 200-member Committee with half of its members nominated by the Chinese Government and half nominated by the British Government. How does such a proposal square with the principles of openness and democracy? Are Members critical of our proposal really suggesting that the constitution of the Election Committee should be designed, or to put a less polite description, rigged, to ensure that pre-selected people can have their candidature rubber-stamped by such a Committee? Is that what a slower pace of democracy would entail?

Let me now turn to the criticism made by Members on our proposals for functional constituencies. Some have argued that functional constituencies were designed so that the business and professional sectors are properly represented in this Council. It is also said that the current proposal is effectively providing for more direct elections through the back door. In answer, I would like to make three points:

First, for years, the functional constituency system has been widely criticized. I think Members are well aware of that criticism. The criticism is based on the fact that it is too narrowly based. Our proposal seeks to remove such criticisms by broadening public participation. At the same time, we are preserving the 21 existing functional constituencies in recognition of their important contributions to this Council and to the community. The overall

effect, therefore, should be a functional constituency system which emerges stronger, more representative, and certainly more credible.

- Secondly, the objective of the functional constituency system has always been to include the widest possible range of different social, economic and professional sectors which are essential to the community's prosperity and confidence. The proposed nine functional constituencies fully meet that objective. They are, I should add, also entirely consistent with the four guidelines for the selection of functional constituencies laid down in the 1988 White Paper, including that the constituencies should be substantial and of importance to Hong Kong. So what are we doing? We are building on existing systems, not introducing radical changes.
- Thirdly, the proposal is not a surrogate for more territory based directly elected seats any more, for example, than the present education constituency is. The electorate, though considerably expanded, will be restricted to those who are economically active. They will not have a geographical based constituency. Housewives, students, retired persons and so on will be excluded. In practice, this means that over a million out of a total of 3.7 million people who are eligible to vote in geographical constituency elections will not be able to vote in functional constituency elections.

In closing, let me say a few words about the way forward. I have said that when we come to put legislative proposals to this Council we will have in the forefront of our minds what is in the best overall, and I stress again the word overall, interest of the people of Hong Kong. I hope that when Members come to make their judgement upon the legislation they will make that their guiding principle also.

We would all do well to remember that the people of our community are sophisticated, articulate and mature. They have very clear ideas of how they want their future, and their children's future, to be. And they are able to express their views firmly and in a restrained and responsible way, as events in recent years have shown.

This community has built up Hong Kong to be the tenth largest trading territory in the world with a per capita GDP higher than Portugal and Greece, with one of the lowest crime rates in the world; a place universally admired as one of the most stable business centres in Asia. To suggest to people who have achieved all this that they are incapable of handling the modest, I repeat modest, degree of democracy, suggested in the Governor's speech, without Hong Kong descending into chaos is demeaning to the people of Hong Kong. It is like

saying to them: yes, you may be good at business, but we do not trust you to have a greater say in the way your Government is run.

We must have faith in the people of this community. It is they who have made Hong Kong the great place it is today; and in the future, under the principle of Hong Kong people governing Hong Kong, it is in their hands that future stability and prosperity lies.

Mr Deputy President, I support the motion.

Question on the motion put and agreed to.

Adjournment and next sitting

DEPUTY PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday 4 November 1992.

Adjourned accordingly at Six o'clock.

Note: The short titles of the Bills/motions listed in the Hansard have been translated into Chinese for information and guidance only; they do not have authoritative effect in Chinese.

